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Swedish robots on the track of Japan, Page 5

NEWS SUMMARY

GENERAL

Hundreds die in Turkish quake

Death toll in the earthquake that struck eastern Turkey, 550 miles from Ankara and about 150 miles from the Soviet border, might approach that in the country's last serious earthquake in 1976, when 3,800 died at Agri.

Last night about 500 bodies had been recovered by the rescue teams digging in nearly 50 villages near the town Pasinler in a mountainous region. Premier Bulend Ulusu is expected to arrive in the region today.

The weather forecast is relatively good – a key factor, since in previous Turkish earthquakes in winter, more have died from exposure to sub-zero conditions than from the devastation. **Page 3**

China agrees talks

China has agreed to continue regular consultotions with the Soviet Union, hut says "hig differences" are preventing a return to normal relations. China and India did not settle their border dispute in last week's talks, but made progress and agreed to taik next year. **Page 3**

Pakistan protests

Pakistan's Opposition leaders are planning a new wave of protests against General Zia ul-Haq's military regime. **Page 3**

Argentina votes

Argentina voted to elect its first civilian governmeot after seven years of military rule. A close finish was expected between the Peronists, led by Sr Italo Luder, and the Radicals, headed by Sr Raul Alfonsin. **Page 2**

Lebanon talks open

The Lebanese national reconciliation talks open in Geneva today, with Opposition groups and their Syrian backers having regained strategic advantages they had lost in the previous year. **Page 2**

Israel warning

Israel warned Lebanese President Amin Gemayel not to yield to Syrian pressure to cancel or alter the agreement the countries signed last May.

Curfew lifted

Israeli troops lifted a curfew imposed on two West Bank Palestinian refugee camps when stones were thrown at Israeli vehicles.

University deaths

Three students died and 10 were critically injured after political clashes between groups at a black university in Zululand

Mugabe's threat

Zimbabwe Premier Robert Mugabe threatened to close private schools unless they admitted more black childrec and stopped raising fees.

Even more bubbly

French champagne industry experts are forecasting that the 1983 vintage will produce 300m bottles, 10m more than last year's record. The harvest was 2.27m hectolitre (599m gallons)

Kaunda re-elected

Zambia's leader for the last 19 years, Kenneth Kaunda, was re-elected President in Lusaka

Romanian beatified

Pope John Paul beatified Father Jeremiah da Valachia, a Capuchin monk who worked among the poor in Naples in the 17th century – the first Romanian to be beatified.

Briefly . . .

Eleven Turks and four French were charged with assault after Friday's brief occupation of the UK consulate in Paris.

BUSINESS

Filipino debts reach $20bn

● THE PHILIPPINES' foreign debts reached about $20bn by the end of September, said Premier Cesar Virata. **Page 3**

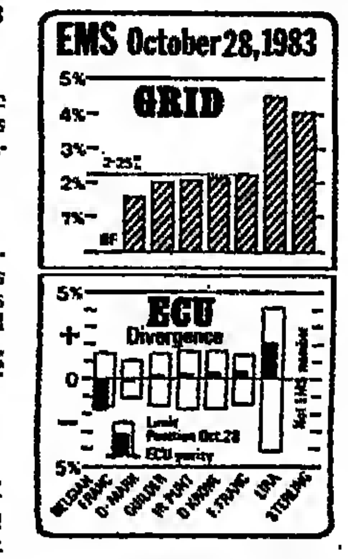
● TAIWAN's intention to order warships worth at least Fl 1.5bn ($500m) from two Dutch yards have prompted a debate in the Netherlands over its "one China" policy. **Page 4**

● NISSAN, the Japanese car group, may be cutting plans for a plant in Britain to a level that would be unacceptably low for the UK Government, fears the UK motor components industry. **Page 9**

● THE BELGIAN franc improved slightly, without any obvious signs of intervention by the Belgian National Bank, but still remained outside its divergence limit at the bottom of the European Monetary System.

A general weakening of European currencies against the dollar helped restrain any pressure on the system. The D-Mark drifted gently, the French franc was at the top of the currencies governed by the 2¼ per cent band and only the wider-ranging lira was stronger.

A cut in the Danish discount rate had little impact on the country's krone.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● CANADIAN parliamentary committee said the 8 per cent limit on foreign banks' local assets should be lifted. **Page 18**

● PORTUGAL'S development bank (BFH) has signed a $25m agreement with Colombia to cover exports of goods and services to that country.

● TURKEY has shortlisted KWU of West Germany, AECL (Candu) of Canada, and General Electric of the U.S. for building its first neclear power station, at Akkuvu on the Mediterranean. **Page 18**

COMPANIES

● BRITISH AIRWAYS is expected to announce this week first-half profits of more than £100m ($150m) after payment of interest and tax. **Page 18**

● VOLVO'S UK subsidiary reported a 1982 profit of £3.4m ($5.1m), after a £1.4m loss. **Page 12**

● WESTINGHOUSE ELECTRIC of the U.S. is opplying for its Spanish operations to be placed under temporary receivership. **Page 20**

● PHILIPS of the Netherlands and Sony of Japan have agreed on the basic format for a compact disc to store computerised data. **Page 4**

Scoon shortly to name interim administration

BY WILLIAM CHISLETT IN BRIDGETOWN AND MARGARET VAN HATTEM IN LONDON

SIR PAUL SCOON, Governor General of Grenada, has announced in his first broadcast since the U.S.-led invasion of the Caribbean island that he will appoint an interim administration within the next few days as the first step towards an eventual general election.

Speaking from St George's, the island's capital, Sir Paul called on Cubans and remnants of the Grenadan Revolutionary Army still fighting in the hills to lay down their arms and surrender. He also ordered all government employees to return to work today and appealed to shops, husinesses and schools to reopen.

The Governor-General said he was dedicated to restoring peace and order, full sovereignty and democratic institutions, but added that a curfew would remain in force until further notice.

Meanwhile, the heads of Government of the six Caribbean countries that took part in the invasion held talks at the week-end in Bridgetown, Barbados on the future of the island. Sir Paul is reported to have flown to Barbados for talks with Mr Tom Adams, the Prime Minister, and other officials, including Brigadier Rudyard Lews, bead of the regional Caribbean defence pact.

In London, Mrs Margaret Thatcher, the UK Prime Minister, expressed strong reservations on BBC radio about the need for a Commonwealth peace-keeping force, to replace U.S. forces in Grenada. Sir Shridath Ramphal, the Commonwealth Secretary-General, is understood to have discussed such a proposal with Sir Geoffrey Howe, the Foreign Secretary, at a meeting last Friday.

However, Mrs Thatcher insisted yesterday that Britain would need very clear assurances on the scope and role of the force before it considered participating. She expressed a preference for some sort of police force and indicated that Britain would be willing to help with aid or, possibly, observers at elections to help in the rehabilitation of the Island.

The British Government, meanwhile, sought to shore up confidence in the Anglo-U.S. alliance ahead of today's House of Commons debate on the deployment of cruise missiles, amid signs of growing puhlic disillusionment.

Mrs Thatcher is expected to review developments in Grenada and Washington with Sir Geoffrey and Mr Michael Heseltine, the Defence Secetary, ahead of today's debate.

In a television interview, Sir Geoffrey said the UK Government had made clear to the Reagan Administration from the outset its differences over the handling of the Grenada crisis.

It would similarly make plain its opposition to any attempt anywhere else in the world to impose a government on an independent country from outside.

He conceded that some of President Reagan's arguments in justification of the invasion might be applied to countries such as Nicaragua, in which case Britain would reject them equally. While Britain and the U.S. shared common aims

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U.S. pledge, Page 2; Airport builder's denial, Page 18

French Socialists move left to preserve unity

BY DAVID HOUSEGO IN BOURG-EN-BRESSE

FRANCE'S Socialist Party shifted leftwards over the weekend to accommodate the views of its more radical wing and to preserve party unity.

The threat of an open division at the party congress here was ovoided when the party leadership made concessions to M Jean-Pierre Chevènement, the former Minister of Industry, and his Ceres faction over economic and foreign policy.

A resolution adopted unanimously at the end of the three-day congress leaves the party putting more emphasis on economic expansion, the channelling of bank credits to transform industry and the use of import controls.

The resolution also tilts the party to a position more critical of the U.S.

"France speaks a different language to the world than that of the United States," said an amendment.

"There are disagreements with the U.S. over their ultra-protectionist trade policy, their egoistic monetary policy, their adventurist policy in Central America and the Caribbean, as illustrated hy their invasion of Grenada . . ."

The 1,500 delegates present at the biennial congress greeted with cheers and relief the unexpected news that all-night bargaining among party leaders had hrought a compromise with M Chevènement's minority faction, which represented some 18 per cent of delegate votes. The party feared that with the Government's current slump in the opinion polls and the difficult economic circumstances in which it has to work, any public display of disunity could seriously harm their chances in the European elections next year and the legislative elections in 1986.

Although President Mitterrand was not present at the congress, he is believed to have pressed from behind the scenes for a compromise, and to have signalled hroad acceptance of the concessions. The party resolution, however, does not commit the Government to change its policies. M Lionel Jospin, the party secretary, reminded delegates in his summing-up speech that economic policy was decided by President Mitterrand. But the Ceres faction believes that the concessions at least lay open the possibility that present restrictive policies will be followed by more growth-oriented ones to increase output and jobs.

The possibility of some relaxation was also hinted at by M Pierre Mauroy, the Prime Minister, in his speech to the congress on Saturday, which, in its appeal for a rallying of Communists and Socialists, staked his ambitions to be eventually presidential candidate of a united left. M Mauroy said that "rigour" was necessary "for our policy to succeed. It does not constitute our policy." He joined with the left of the party in emphasising that the Government sougbt to maintain wage-earners' purchasing power.

Significantly, the name of M Jacques Delors, the Finance Minister, was scarcely mentioned in congress debates, reflecting the uneasy acceptance by the party of policies they recognise as necessary but which are not their own. The party has, however, consistently been more to the left than the Government.

On the economic front, the main amendments accepted to the resolution put forward by the leaders were: the insistence on a minimum of economic growth (as opposed to the stagnation this year and next) which with the Left's social objectives would be more difficult; the need for maintaining and improving wage-earners' purchasing power, so as to maintain a level of demand in the economy to reinforce the modernising of industry; the selective channelling of credit to reinforce the industrial sector; subordinating the autonomy of management of the nationalised industries

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Peugeot forecasts heavy loss in 1983 despite growing sales

BY DAVID MARSH IN PARIS

PEUGEOT, the French car group which is the country's largest private enterprise, expects another heavy consolidated loss this year after a first-half net loss of FFr 799m ($100m) for its financial holding company.

The company, currently engaged in complex talks with the Government and unions over plans to reduce its workforce hy more than 7,300, declared in early summer that it would break even this year after accumulating deficits of FFr 6bn during the past three years.

But in an interim report released at the weekend, the company said continued beavy costs and insufficient productivity gains would keep results below levels originally hoped for, in spite of an industrial and commercial performance in line with expectations.

French registrations of the Peugeot, Talbot and Citroën marques rose 4.3 per cent in the first balf, compared with the same period last year.

This was offset by falling sales on other European markets, although foreign subsidiaries' results were improving, especially at Talbot Motor in the UK.

The company gave no consolidated group results for the first half. Consolidated first-half sales rose to FFr 41.9bn, up 5.9 per cent on a comparable basis.

Peugeot said it expected a much faster rise of more than 25 per cent in the second half – partly because of expected higher sales in Europe and Africa – which would take the consolidated turnover rise for the whole year to about 15 per cent.

Last year, the group lost FFr 2.1bn, and analysts have been suggesting a similar result could be in prospect for 1983 despite the company's earlier hreak-even forecast.

Peugeot said the second half of 1983 was likely to show an improvement in line with the group's "progressive recovery." Operating losses for the whole year would be reduced significantly compared with 1982.

Nigeria wants five years to pay trade debt

BY QUENTIN PEEL IN LAGOS

NIGERIA has begun negotiations with its principle suppliers and leading foreign government export credit agencies, to reschedule the estimated $4bn to $5bn backlog in its trade payments, according to senior government officials.

The go-ahead was given last week for the Nigerian Government's economic advisers – bankers Lazard Frères, Lehman Brothers, Kuhn Loeb, and S. G. Warburg – to approach the country's largest company creditors, their bank and export insurance agencies, with proposals to refinance the arrears owned on open account trading. The Government is seeking to spread the repayments over five years, it is understood.

The exercise is directly linked to Nigeria's continuing negotiations with the International Monetary Fund (IMF) for an extended three-year loan. It follows agreements in July and September with more than 60 international banks to refinance almost $2bn of payments owing on letters-of-credit transactions.

Nigerian officials decline to put a figure on the full extent of the backlog, huilt up over the past two years following the slump in Nigeria's oil exports. Drastic import restrictions have yet to bring the current account of the balance of payments into equilibrium. Bankers and leading companies in Lagos estimate the arrears at anything from Naira 3bn ($4bn) upwards, on top of the $2bn already refinanced.

The need to resolve the question of trade arrears has been made more urgent by the continuing slow progress in the IMF negotiations, and the likelihood that rather less than the expected $2bn will now be forthcoming from the fund.

Officials in Lagos no longer expect a deal to be finalised before January 1 when the Fund's new quota regulations come into force. They also admit that there is continuing disagreement on the size and form of any devaluation of the naira.

A complicating factor in reaching any final agreement is the extent to which the arrears are covered by the different export credit guarantee agencies, like Britain's Export Credit Guarantee Department (ECGD). Companies with such cover would naturally prefer to claim on the insurance policy rather than agree to any rescheduling.

Progress towards an agreement with the IMF has been disrupted by the Fund's loan financing crisis as a result of which all new commitments have been temporarily stopped

Nigeria's original request for more than $2hn was made under the extended financing arrangement, which provided for loans of up to 450 per cent of a country's quota.

International credits, Page 19

Cluff Oil optimistic on China venture

BY MARK BAKER IN PEKING

CLUFF OIL of the UK is optimistic of tapping in excess of 500m barrels of oil from exploration zones it has been granted by China in the South Yellow Sea.

The prediction was made by Mr Algernon Cluff, Cluff's chairman, immediately after an official signing ceremony in the Great Hall of the People at the weekend.

Cluff Oil is the first company to be granted a sole operatorship in the vast offshore exploration zones being opened up by China and the first independent company to be granted a stake by the Chinese.

Even more gratifying to Mr Cluff and his executives are the geological indicators of the potential of some of its 16 blocks which cover 4,400 sq km in the north area of the South Yellow Sea, near Tsingtao.

Initial seismic tests have indicated a substantial sedimentary hasin 25 km long by 11 km wide whicb has the correct age and other indicators to be of excellent oil-bearing potential.

"That's a tremendous size anywhere in the world. Even if that structure is only a quarter full of oil we could expect at least 500 million recoverable harrels," said Mr Cluff.

A team from Cluff will arrive in China hy the end of November to begin intensive seismic work in the area. Drilling is not expected to begin for at least a year in the relatively shallow waters and possibly not until 1986.

ICI's top men take a road show to Wall St

By Carla Rapoport

THE John Harvey-Jones collection of eccentric ties is tucked up in the hold of a British Airways Concorde this morning as the chairman of ICI and three of his top executives take off for their U.S. road show.

The visit will mark the debut tomorrow of ICI's shares on the New York Stock Exchange under their own listing rather than in the form of American Depository Receipts.

Americans already hold nearly 10 per cent of ICI's shares; their rush into the shares earlier this year helped push the price from 350p to around 580p these days. Almost 8m of the shares were traded in just three successive sessions earlier this month.

ICI and its bankers say that the road show aims to promote some loyalty among these new investors as well as widen their ranks.

In the course of this week, the ICI team will whiz through five U.S. cities, meet hundreds of institutional investors and forfeit plenty of sleep in order to whip up further U.S. interest in ICI shares.

But the team will not be accompanied hy any gimmickry. "We thought about turning np with two guardsmen on the New York Stock Exchange," says ICI's Mr Peter Aslet in New York. "But we felt John Harvey-Jones is a character eoough in his own right."

The UK invaders will be split between two lodges tonight in New York, with some in the Helmsley Palace Hotel in Madison Avenue and some in ICI's private apartments on Fifth Avenue. Tomorrow, the fun begins with a hreakfast presentation for 25 "selected investors." Then, it's on to Wall Street at 10am for the first trade of ICI's shares, under their own listing.

In keeping with stock exchange tradition, Mr Harvey-Jooes will buy the first 100 shares himself. Then it's quickly back to mid-town for the chairman's first sip of California wine, Fumé Blanc, 1981, at a lunch for 80 more "selected investors."

ICI executives have been assuring their London following that no major announcements will be made in the course of the U.S. trip. They also say that they won't be so overcome by the reception that they are likely to huy a few companies while over there.

Nonetheless, the group is hungry to expand in the U.S., where sales are currently around $1bn a year. Its investment bankers, Smith Barney Harris Upham and Goldman

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CONTENTS

OVERSEAS NEWS

Australia moves on dollar speculation

BY MICHAEL THOMPSON-NOEL IN SYDNEY

IF THE Australian Government has played its cards right, speculation on the Australian dollar exchange rate will become a little harder from today.

However, local bankers hope that adjustments to Australia's foreign exchange arrangements, announced on Friday, prove only the start of a general move to a more market-oriented exchange rate regime.

The initiative falls short of freeing or floating the local dollar, the exchange rate of which is flexibly pegged to a trade-weighted basket of currencies, but is intended to stem recent heavy speculative inflows and outflows of capital.

First, from today, the A$/U.S.$ mid-rate will now be announced at the end of each day, instead of at 9.30 am, though an "indicative" morning rate will still be announced, to provide some guidance

Secood, the Reserve Bank will no longer underwrite the official forward foreign exchange market, which recognises that with the growth ol the hedge and currency futures markets, the Reserve Bank has beeo providing a steadily decreasing proportioo – now less than 20 per cent – of total forward cover.

The decisioo to announce the A$/U.S.$ mid-rate at the end, rather than at the start, of each day is designed to reduce the scope for speculative capital transactions based on exchange rate movements in foreign currency markets, particularly in Asia, during the course of Australie'a trading day.

Until now, the Reserve Bank has announced the A$/U.S.$ mid-rate at 9.30 am, based on a trade-weighted index of currencies (TWI). Banks undertaking spot foreign exchange transactions in U.S. dollars with customers have been required to deal within a fixed spread around this rate.

The A$/U.S.$ mid-rate has been held artifically steady through the day, whatever tha movement in the value of the U.S.$ in other markets, such as Singapore, Hong Kong and Tokyo.

Under the new regime, the Reserve Bank will still announce the TWI setting at 9.30 am. However, the 9.30 am A$/U.S.$ mid-rate will be informal, and banks will be free to deal with customers during the day at mutually oegotiated rates.

Until now, the 9.30 am mid-rate has also been used as the basis on which banks settle their net spot currency positions with the reserve bank at the end of each day.

From now, the Reserve Bank will deal with banks at rates of plus or minus 0.0015 around the A$/U.S.$ mid-rate – set at the end of each day – instead of plus or minus 0.0005. The banks are already free to set all other rates of exchange.

In addition, the Reserve Bank will no longer underwrite the official forward exchange market. The Reserve Bank is to cease quoting forward margins, and will no longer require banks to clear the forward positions with it.

Banks will now deal in forward exchange with their customers at mutually negotiated rates, and will be authorised to hold spot foreign assets or liabilities as cover against the exchange risk on their net forward positions. For this purpose, the Reserve Bank will establish a "spot against forward" currency limit for each bank.

On March 8, three days after winning office, Australia's Labor Government devalued the A$ by 10 per cent to counter a major run on the currency.

However, since then the A$ has appreciated to its former level, as measured by the TWI, and close to its pre-election, pre-devaluation level against the U.S.$.

On Friday, the mid-rate was set at A$1 to U.S.$0.9175 against U.S.$0.9491 last March 7.

Receotly, it has been assumed that upward manipulation of the exchange rate by the Government has been aimed at countering speculative capital inflows, which have been jeopardising money supply growth targets.

The target for M3 growth in the year to next June is 9 per cent to 11 per cent. In the year to September, M3 grew by 12.7 per cent, against 13 per cent in the year to August.

The appreciatioo of the local dollar has been fiercely criticised by the mining and farm lobbies, which claim it is harming export prospects.

Geneva talks point to Lebanon opposition's new strength

Patrick Cockburn looks at the background to today's talks

THE national raco ociliation council meeting of Lebanese political teaders, which is to atart today in Geoev.a, is a trinmph for the Lehanese opposition and their Syrian backers.

A year ago President Amin Gemayel and the Lebanese Christians believed the Israeil invasion had delivered power into their hands.

The Palestine Liberation Organisation was vanquished, the Syrian army mauled and Lebanese Moslems badly frightened.

There seemed little reason to share power with men like Mr Walid Jumblatt. leader of the Druze community, all the more so since Washington had promised President Gemayel firm backing.

The situation today, as the leaders meat in the Intercontinental Hotel above Lake Geneva, is very different.

defeated by the Druze In the defeaetd by the Druze in the mountain war in September, the Israelis have pulled back to the Awali River and in the last week the U.S. has seen 230 of its marines killed in Beirut.

The savagery of the bomb attack, its success and the inability of the U.S. to retaliate effectively underlines the defeat of U.S. policy in Lebanon. Even if some act of retribution is carried out it is unlikely to impress tha Lebanesa, accustomed, as they are, to war.

Anything less than a full scale attack on Syria would be counter-productive and thare is title sign so far that President Reagan is willing to see such an escalation of America's commitment.

Propping up President Gamayel's government io the face of Syria'a hostility has simply become to expansive in lives and credibility.

> ‘The savagery of the bomb attack effectively underlines the defeat of U.S. policy’

The only way out for Mr George Sbultz, the U.S. Secretary of State, is to ensure that President Gemayel makes sufficient concesisons to the Syrians and their allies in Lebanon to relleve tha pressure on the U.S.

Despite President Reagan's deounciation of Damascus as a catspaw of the Soviet Union, the White House now has littla alternative but to bow to President Assad's demands.

The difficulty for the U.S. is that these demands include the abrogation of the May 17 agreement between Israel and Lebanon. This was negotiated by Mr Shultz himself earlier this year.

Mr Abdul Halim Khaddam, the Syrian Foreign Minister, is attending the Geneva conference to ensure that Syria re-establishes its position of predominance in Lebanon and no concesslons ere made to Israel.

Mr Walid Jumblatt and Mr Nabih Berri are demanding full-scale reform in Lebanon. They want new elections and a fairer distribution of government posts. It is unlikely that President Gemayel, even if he wished to, has the influence to persuade his fellow Christians to agree to such concessions.

If the resumption of civil war is to be avoided, however, the Geneva conference must look for a more modest agreement— A government of national unity, including the opposition.

If no agreement is reached then the ceasefire is likely to become even less effective. Over the weekend the flash of bursting shells could be seen in the hills above Beirut. It was an ominous warning of bow swiftly war could be resumed.

Close result likely in Argentine elections

By Robert Graham and Jimmy Burns in Buenos Aires

ARGENTINES yesterday went to the polls to elect their first civilian government after seven years of repressive political rule. With no provisional results likely before today there was intense excitement over whether the Peronists would retain their traditional hold on civilian politics against a strong challenge by the Radical Party.

Early indications suggested that the result would be close, with much depending on the extent of the shift of the Peronist working-class vote to the Radicals, heard by former lawyer Raul Alfonsin. The closing stages of the campaign have been marked by bitter and violent rivalry between these two main parties, expected to account for over two-thirds of the vote.

The Radicals have campaigned on a moderate Social Democratic platform, while the Peronists, led by Sr Italo Luder, have invoked the mystique of their authoritarian nationalist founder, the late General Juan Peron. The last time elections were held, in 1973, General Peron won with 61 per cent of the vote, against the Radicals' 24 per cent.

Voting is obligatory for the 17.9m electorate, which includes 5m new voters. The voting age has been lowered for these elections from 21 to 18. The electoral process involves polling for the six-year term presidency, the 254 seat Congress and the 46 member Senate, plus over 10,000 local government posts including the governorships of Argentina's 24 provinces.

Yesterday's presidential vote was for a 600-strong electoral college. If either the Peronists or the Radicals emerge with a clear majority, the college becomes a rubber stamp. But if the result is close, it will play a crucial power-broking role.

Sr Alfonsin has said that he will not accept a minority Peronist government unless it is endorsed by the electoral college. Sr Luder has insisted that whichever party wins the most votes should have the presidency. The electoral college is not due to meet until November 30.

The state of siege, in force since 1974, was lifted on Saturday. For many Argentines this was the first sign that military rule had come to an end. Although the military have banned all gatherings, prevented the sale of alcohol and closed down most bars and restaurants, cinemas and theatres during polling, this did not prevent private celebrations.

The military authorities are expected to release 153 political prisoners today, leaving about 80 still in jail. But up to 15,000 are still missing, unaccounted for, after the "dirty war" against left-wingers from 1976 to 1980.

EEC agrees aid pact with Andean nations

By Paul Cheeseright in Brussels

THE EEC last week agreed on an economic co-operation pact with the Andean Pact countries, bringing to an end three years of negotiations.

The agreement comes as the Andean countries—Bolivia, Colombia, Equador, Peru and Venezuela—are starting to expand their external relations. It is the EEC's first pact of its type with a Latin American regional grouping.

The purpose of the agreement is to foster industrial co-operation and to develop scientific and technical exchanges. Each side has granted the other the most-favoured nation clause within the terms of the General Agreement on Tariffs and Trade. This means that tariff concessions granted to third countries will be applied in EEC-Andean Pact dealings.

The EEC has been running a small trade deficit with the Andean Pact.

U.S. says troops will leave Grenada 'as quickly as possible'

BY STEWART FLEMING IN WASHINGTON

THE U.S. wants to take its troops out of Grenada "as quickly as possible" once the fighting has stopped, said Mr Lawrence S. Eaglaburger, Under Secretary of State for political affairs yesterday.

Mr Eagleburger expressed "disappointment" at the British Government's reaction to tha invasion but added that he thought "it took some guts" for Mrs Thatcher to abstain from condemning the U.S. action in last week's United Nations Security Council vote—a vote to which the U.S. applied its veto. "I think we appreciated that fairly substantially," Mr Eagleburger said in a television interview, adding that the UK was the only European power in the Security Council to abstain.

Questioned about what would happen now on the island, Mr Eagleburger said that the U.S. was working closely with the Organisation of Eastern Caribbean States "to have them take over authority on that island," adding that the U.S. would want to talk to Commonwealth representatives and "to the British" on this too. His comments echoed earlier remarks by Mr Tom Adams, the Prime Minister of Barbados, who said in a television interview that when military operations were finished the OECS would "go in and take over dnties."

The U.S. actions in both Grenada and Lebanon will come under detailed scrutiny in Congress this week where hearings are planned on the continued role of the Marines in Lebanon. There is also mounting pressure for a Congressional investigation of the Administration'a claims about the extent of Cuban involvement in Grenada. Leading Democratic conteoders for their party's Presidential nomination have questioned tha rationale behind the U.S. invasion — but the President's opponents are moving cantiously.

One reason for this is a ateady stream of political opinion polls which show that President Reagan is winning broad public support for his decision to invade Grenada and that his address to the nation on television last Thursday has butressed that support. According to a Washington Post/ABC television poll, support for the way the President is handling his job has risen to a two-year high this week.

There are signs too that the Administration is ready to capitalise on this backing. Thus Mr Eagleburger yesterday said that concern about the 1,000 U.S. citizens on the island was not the only explanation for U.S. action. He also cited as reasons the U.S. hostages in Tehran, the restoration of stability to the island and the removal of a security threat to other Carribbean states.

Budget conflict may delay U.S. Treasury refunding

BY OUR WASHINGTON CORRESPONDENT

THE U.S. Treasury could be forced to postpone its $16bn quarterly refunding planned to begin on Tuesday because of continuing conflict about measures to cut the bndget deficit and issues thrown up by the invasion of Grenada.

Crucial to the planned Treasury fund-raising is a Congressional decision to raise the current ceiling on the Federal Government's outstanding debt from $1,389bn.

The Treasury has warned that without this action the new government securities cannot be issued. The House of Representatives has already approved an increase to $1,615bn.

But at a special session of the Senate called on Saturday to push the legislation forward, the debate became bogged down in a succession of amendments to the debt Bill inclnding calls for a constitutional amendment to give President Reagan powers to veto individual spending items approved by Congress and other amendments relating to the Greoada crisis.

Thus the Senate approved an amendment calling for an end to restrictions on press coverage of the Grenada invasion.

On Friday the Senate approved an amendment which woud invoke the War Powers Act in the Grenada situation. If adopted, it would put Congress on the record as demanding the withdrawal of U.S. troops within 60 days in the absence of formal congressional approval that they stay longer.

With the debt limit issue now caught up not only with the debate about the budget deficits, but also with the Administration's actions in Grenada, there are growing doubts about whether there will be enongh time on Monday for the Senate to complete work on the legislation and then for a conference of both houses to agree on the final form of the Bill and send it to President Reagan for signature.

It this does not happen by Monday evening the Treasury sale will have to be cancelled. The Treasury, which has abnormally high cash balances at the moment, would be able to carry on sending out cheques for some days. But Congress is concerned that if this were to happen it would in effect be handing over to the President its power to determine spending priorities.

In recent years debt ceiling legislation has often been delayed until the last moment before finally being approved. Rarely, however, has the uncertainty about the outcome been as great as it is now.

Nicaragua plans further land redistribution

BY TIM COONE IN MANAGUE

NICARAGUA plans a major push on land redistribution over the next three months. Since the agrarian reform law was passed in July 1981, a total of 14,800 farmers, most of them landless peasants, have benefited from land redistribution totalling 226,000 hectares.

According to Jaime Whealock, Minister of Agriculture and one of the top Sandinista leaders, between now and December 1983 a further 7,111 farmers are to benefit from titles to 104,000 hectares of redistributed land. An additional 2,400 farmers are to receive titles to 94,400 hectares of land in the interior and north of the country.

Properties affected by the agrarian reform law are for the most part over 350 hectares in size, and either abandoned or under-utilised, or owned by the former dictator Anastasio Somoza. The redistributed land has been allocated mostly to co-operatives. Since the 1979 revolntion, some 2,600 agricultural co-operatives have been formed, with over 50,000 members. Over 700 co-eperatives own their land collectively.

Sr Wheelock said that 70 per cent of the country's agricultural land remains in the handa of the private sector, and that the Government's policy is to strengthen the mixed economy and to make further efforts in fostering co-operative development.

The agrarian reform was one of the principal pillars of the Sandinistas' political programme before the revolution, and the acceleration of land titling in the coming months is seen as a move to consolidate support for the Government in the rural areas, at a time when it is coming under increasing pressure from attacks.

Last week a co-operative of 26 families was destroyed in an attack on the village of Pantasma in the north of the country, killing 47 people, most of them members of the co-operative. Their homes, machinery, workshops, warehouses and bank were totally destroyed in the attack.

Daimler's chief executive dies

BY JONATHAN CARR IN BONN

DR GERHARD PRINZ, chief executive of Daimler Benz, West Germany's most prestigious vehicla group, diad of a heart attack at his Stuttgart home this weekend. He was 54.

With his death the company loses its top man after less than four years in the job, and West German industry loses one of its most eloquent spokesmen.

Born in Solingen in the Ruhr area, Dr Prinz had long experience in the steel and the vehicle industries (Volkswagen and Audi) before he joined the Daimler board in 1974.

It was that experience, combined with hia skill as a negotiator, for example io the Daimler purchasa of the Euclid trucks company of the U.S., which put him in line for the board chairmanship.

He finally took over oo January 1, 1980, from Dr Joachim Zahn, under whose 14-year leadership Daimler had steered a strikingly profitable course even in oil crisis and general economic recession.

Dr Prinz consolidated what Dr Zahn had achieved, strengthening Daimler's hold in the U.S. and, from lata last year, moving into the smallar car market.

Last year the company markedly boosted sales and profits, increased its dividend and paid a bonus on top. In the first nine months this year, group sales were up 2 per cent to DM 29.2bn, despite a setback in foreign markets for heavy trucks.

However, Dr Prinz constantly warned that neither Daimler-Benz nor West German industry as a whole could afford complacency. Only last Wednesday, in a widely noted speech, he strongly opposed new trade union demands for a shorter working week, warning this would damage the country's ability to compete on world markets.

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OVERSEAS NEWS

Philippine debt reached $20bn in September

THE PHILIPPINES' foreign debt has reached about $20bn as of end-September, Prime Minister Cesar Virata said at the weekend, Reuter reports from Manila.

He said that about $14.1bn of that amount is outstanding fixed - term borrowings. Revolving credits in the non-monetary sector were $4.6bn as of June 30, the latest available figure. Of the fixed-term debt, the public sector accounted for 61 per cent of the total, and the private sector for 39 per cent.

The present international reserves are down to about $450m, but the situation is expected to improve towards the end of November or early December from a level of less than three weeks' import requirements.

Mr Virata said the Philippines was expected to use about $300m to $350m of bridging finance from the IMF by the second week of November.

Inflation from January to September had averaged 7.4 per cent, well below the 9 per cent target, he said. A report released by the Central Bank said Philippine exports from January to September this year had dropped by 1.7 per cent to $3,741m from the same period last year.

Moves to reduce imports began to take effect, showing a total drop of 5.9 per cent to $5,504m. The bank's final figures showed the balance of payments deficit at $1,342m as of end-September after incurring an additional deficit of $780m in the third quarter.

Abby Tan adds: The heavy outflow in October was attributed to commercial banks demanding payments just prior to negotiations, which eventually led to the peso devaluation, Mr Virata explained.

Meanwhile, the order to all commercial banks to sell to the Central Bank 80 per cent of their foreign exchange receipts is creating a lot of unhappiness.

They said they were expecting only to sell 45 per cent and are negotiating to reduce the requirement to 60 per cent as a compromise. The bankers maintained the new rule severely restricts their ability to service clients.

Pakistan's opposition leaders plan fresh wave of protests

BY JOHN ELLIOTT IN NEW DELHI

A FRESH wave of protests against Pakistan's martial law regime of General Zia ul-Haq has been planned by the leaders of the country's Movement for the Restoration of Democracy.

Meeting at a time when the army has crushed most militant activity in the southern province of Sind, the movement's central action committee decided over the weekend to try to revive the flagging momentum of its two and a half month protest by calling a "solidarity campaign week" from November 5 to 12.

This decision rules out any chance of early talks between the movement's official leaders and President Zia, although some informal contacts may continue to be made.

Some of the movement's leaders had considered proposing at the meeting, which took place in Karachi, that they should formally start private exploratory talks with the President's aides. But the idea did not receive sufficient support to be tabled.

The movement's leaders will have a tough job rebuilding the momentum of their protests in Sind because of the overwhelming presence of the army. However, anger and resentment against the army is strong and any demonstrations which do take place could quickly become violent.

Pressure on the President is also slowly building up in the Punjab. In Lahore there have been angry demonstrations by trade unionists and by lawyers, who are also staging hunger strikes in a number of cities.

The strength of the agitation throughout the country will be tested on November 12 which is intended to be the climax of the new round of protests.

The committee wants to strengthen its power base while the President continues the talks he has been having with Right-wing parties not involved in the protests.

It is widely believed here that he would like to make an announcement during the first half of December that parliamentary elections will be held next September or October.

Political parties at present outlawed, would not be allowed to take part. But individual politicians would in general be allowed to stand.

It is thought that President Zia will seek to exclude the political figures he most fears in the Pakistan People's Party, particularly the widow and daughter of the late President Bhutto whom he removed from power and executed.

The aim of the democracy movement is to force President Zia out of power and ensure free elections are held. It also wants the release of all political prisoners.

More than 4,000 people have been arrested during the protests, weakening the democracy movement's organisational efficiency. More than 300 people have been sentenced to be flogged and estimates of deaths range from 50 to more than 450.

Peking and Moscow to continue consultations

BY MARK BAKER IN PEKING

CHINA has agreed to continue regular consultations with the Soviet Union but says "big differences" are preventing a return to normal relations.

A joint communique issued at the weekend said a third round of official talks which ended last week had been "useful", but it gave no details of any specific achievements.

The communique said a fourth round of consultations would be held in Moscow next March.

The Chinese chief negotiator, Vice-Foreign Minister Qian Qichen, said the latest round of talks, had been helpful in increasing mutual understanding. "But the serious obstacles hindering the normalisation of Sino-Soviet relations still remain. There are still big differences," he said.

Fears over scale of Turkish earthquake

By Our Ankara Correspondent

A WIDE area of eastern Turkey, 550 miles from Ankara and about 150 miles from the Soviet border, was devastated by an earthquake early on Sunday morning.

By mid-afternoon, at least 487 bodies had been recovered by rescue teams digging out survivors in nearly 50 villages around the town of Pasinler. The death toll is expected to rise much higher, and there are fears that the disaster may be of the same proportions as Turkey's last major earthquake, at Agri in 1976, when 3,800 people were killed.

Although rated at an intensity of 6 on the Richter scale, a relatively moderate rating, the earthquake apparently flattened villages in a large tract of mountainous land east of Erzerum and was felt several hundred miles away in Malatya.

Three Turkish Cabinet ministers went to the earthquake zone, and Mr Bulend Ulusu, the Prime Minister, is expected to travel there today.

Tents, blankets, and hospital supplies were being flown to Pasinler. Turkish radio broadcast appeals for blood donors to come forward and asked volunteers to supply emergency equipment.

Effective charge of rescue work was apparently taken over by the Erzerum martial law commander.

A martial law communiqué called on the local population to obey instructions and not to spread alarmist news. The radio also announced that the weather forecast for last night was relatively encouraging for an area where temperatures regularly drop below zero at this time of year.

Many Turkish earthquake disasters in winter have seen a higher proportion of deaths from exposure than from the initial shock waves. In 1939, just before Christmas, 32,000 people were killed by cold weather after an earthquake in the city of Erzincan, south west of Erzerum, had destroyed their homes.

● Two mass circulation daily newspapers in Istanbul have been shut down by the martial law authorities. A military communiqué said that Tan and Gunaydin would not be allowed to appear until further notice.

WORLD TRADE NEWS

Dutch row over Taiwan deal hopes

By Walter Ellis in Amsterdam

REPORTS that Taiwan hopes to place orders for naval vessels worth at least Fl 1.5bn (£342.4m) with two Dutch shipyards have provoked bitter controversy in the Netherlands about the country's "one China" policy.

It is understood that the orders would be for two submarines from the Rotterdam yard, Wilton Fijenoord, and possibly several minesweepers from the naval construction division of Van der Giessen-De Noord, near Dordrecht. Dutch Government approval for the orders would be required before contracts could be signed.

Three years ago, Taipei's award of a contract for two submarines to Wilton Feljnoord provoked outrage in Peking, after which its diplomatic relations with The Hague were reduced to Charge d'Affaires level.

Mr Hans Van Den Broek, the Dutch Foreign Minister, has maintained that his country recognises only the People's Republic of China. The Ministry repealed this yesterday, while the Government information service denied that the cabinet intended discussing any proposed orders at its weekly meeting.

Senior Taiwanese officials and businessmen said there was a policy of building up a strong bridgehead in Holland as part of a general strategy of increasing trade and other links with Europe. A free-spending Taiwanese trade delegation visited the Netherlands this spring, and it is known that other such missions are being considered. It is also known that the Defence Ministry in Taipei this month discussed possibilities of obtaining further submarines from the Dutch.

Wilton Fijenoord's board of management and its works council yesterday sent an open letter to the Mayor of Rotterdam, Mr Bram Peper, urging his support for any Taiwanese contracts.

Philips and Sony agree on compact disc digital storage

BY RAYMOND SNODDY IN LONDON

PHILIPS and Sony have reached agreement on a basic format for a compact disc for digital storage of data.

The new application for the optical discs, originally developed for music, will have a storage of 550m bytes – between 500 and 1000 times greater than conventional small floppy discs.

The 12 cm disc could, for example, store up to 12,000 (A4 size) sheets of documents or entire telephone directories.

Philips and Sony have promised the new format for the CD-ROM (read only memory) to more than 40 companies licensed to produce the compact disc digital audio system.

Details of the format will be finalised later this year and a prototype system developed next year. Philips says a system could be on the market by late 1984 or early 1985.

The CD-ROM format is based on the compact disc digital audio system format for sound reproduction.

In the case of the data disc, the two audio channels are used for digital data recording. Philips says that apart from the large memory capacity, the main advantage will be the low cost. The system is based on the player and the disc of the compact disc digital audio system.

SHIPPING REPORT

Middle East tanker rates ease

BY OUR INDUSTRIAL STAFF

THE Middle East tanker market failed last week to sustain the volatility that ship owners had been hoping for. According to Galbraiths the amount of business concluded by large-sized units from the Gulf was "disappointing" and rates eased.

At the end of the previous week, Shell had been able to cover its ULCC requirement to Singapore at a relatively competitive rate of Worldscale 35 on a 300,000-tonner but the batch of VLCC's that closed last week all had to accept softer rates after non-Iranian loadings to the East a week earlier had averaged out at more than Worldscale 40.

Up to 35 supertankers are now thought to be available for the Gulf next month and this could soften rates even further.

There was some comfort for owners, however in the Worldscale 36.5 and 38.5 that Taiwanese and South Korean charterers accepted for their early and mid-November shipments from the Gulf. There have been no official contracts out of Kharg Island although some private deals are thought to have been made.

Tonnage is also building up in the Western hemisphere and tanker rates out of the Caribbean Sea fell sharply. The North Sea, however, once again generated good business especially for owners with vessels of 80,000 to 100,000 tonnes. Bad weather and some congestion has probably reduced business but a number of charterers covered spot requirements last week.

World Economic Indicators

UNEMPLOYMENT

		Sept. '83	Aug. '83	July '83	Sept. '82
UK	000s	3,167.4	3,009.9	3,020.6	3,046.2
	%	13.3	12.6	12.7	12.9
U.S.	000s	10,423.0	10,699.0	10,590.0	11,315.0
	%	9.3	9.5	9.5	10.2
W. Germany	000s	2,134.1	2,196.2	2,202.2	1,820.0
	%	7.9	8.2	8.2	6.8
Belgium	000s	631.4	627.8	605.2	573.0
	%	15.4	15.4	14.8	14.1
Netherlands	000s	827.3	827.5	810.4	697.0
	%	14.8	14.8	14.5	12.8
Italy	000s	2,692.8	2,614.0	2,596.5	2,427.0
	%	11.9	11.6	11.5	10.8
		Aug. '83	July '83	June '83	Aug. '82
France	000s	1,934.0	1,893.3	1,877.7	1,943.9
	%	8.5	8.3	8.2	8.5
Japan	000s	1,638.6	1,463.0	1,522.0	1,350.0
	%	2.8	2.5	2.6	2.4

Source (except U.S., UK, Japan) Eurostat

WORLD TRADE NEWS

Charles Smith reports from Tokyo on ASEA's sales hopes

Swedish robots stalk Japan

ALMOST EVERYONE knows that Japan is by far the world's largest's user of industrial robots: less well-known is that the Swedish company ASEA AB, working through a small engineering and marketing affiliate in Tokyo, is planning to become one of Japan's five largest robot manufacturers.

ASEA last year appointed as its Japanese agent the 75-year-old company Gadelius KK, which specialises in the manufacture under licence and sale of Swedish, other European and U.S. machinery.

About a month ago, Gadelius completed the assembly of the first ASEA robot at its waterfront factory in Kobe, south-west Japan. By the end of next year it hopes to have produced and sold more than 200 robots.

The reason why ASEA thinks it ought to be able to sell its robots in Japan is not that Swedish robots are likely to prove cheaper than their Japanese counterparts. According to Mr Gunnar Arnesson, president of Gadelius and the man who negotiated the robot deal with ASEA, prices are likely to be at the top of the range for each of the three types of machines the company will sell.

Mr Arnesson says, however, that ASEA robots will earn their keep—perhaps within a year of purchase—as a result of the higher reliability and longer intervals between maintenance that the company will offer to Japanese customers.

The reason why ASEA believes it can claim such advantages is that, whereas most Japanese companies have been building electrically powered robots of the kind in which ASEA specialises, for the past two or three years, ASEA has been doing it for eight. ASEA robots at work in European car plants, such as those of BMW, can be used to prove the company's claims about reliability and operating costs.

Mr Arnesson is reticent about the customers who have so far ordered ASEA robots, but they include affiliates of all the main Japanese car-makers, though most orders so far have been for a single machine. Mr Arnesson hopes that "lot" orders will start coming through by next year, once companies have found that ASEA's claims are well-founded. He adds that prices will come down as Gadelius raises the local content percentage in its robots to 40 per cent by the end of next year and 60 per cent thereafter.

From the viewpoint of Gadelius, the manufacture and marketing of robots is part of a broad strategy of diversification on which the company embarked last year after concluding that it was over-dependent on the sale of specialised machines (such as air pre-heaters) to the slow-growing Japanese electric power industry.

ASEA has taken full control of its medium-power transformer division in the U.S. after buying out the 50 per cent stake in RTE-ASEA held by RTE, the U.S. electrical components group, writes Terry Dodsworth in New York.

The deal marks a further step in ASEA's expansion in the U.S., where its sales virtually doubled last year to \$500m. The company recently opened a number of new plants manufacturing robots, electrical equipment, relays, hydraulic materials and high-technology pressure forming equipment.

ASEA has not revealed the full details of the buy-out, but the joint venture with RTE had a turnover of about \$50m and was in profit. The company's recent expansion has taken its robots into car manufacturing plants owned by the big U.S. car groups, but it is also aiming at a wider market for its robots and other electrical equipment.

"Before deciding to handle robots, we had to make up our minds whether the mechanical engineers who had worked on other types of machinery could make the switch," Mr Arnesson says. The company decided they could, and gave the job of starting up the 50-man robot manufacturing operation in Kobe to the team of Japanese and Swedish engineers who had carried out the feasibility study.

From ASEA's point of view, Gadelius was initially only one of nearly a dozen candidates for the job of making and marketing the company's robots. Other candidates on the short list included major Japanese robot-makers, such as Hitachi and general machinery manufacturers such as Niigata Engineering.

"ASEA eventually picked Gadelius for the job, not because of our expertise in this particular field but because we convinced them we could not afford to fail," says Mr Arnesson. The fact that ASEA holds a 50.4 per cent stake in Gadelius' parent company, Fläkt AB, was a consideration that came into the picture only at the very end of the discussions.

Gadelius executives say that many robots produced by Japanese manufacturers bear a "remarkable resemblence" to some of those pioneered by ASEA, even down to the fact that they tend to be painted orange. ASEA and Gadelius, however, have no intention of making an issue out of this fact. What they stress is that ASEA believes it has a technological lead in many aspects of robot-making which can be turned into hard cash — even in the world's most competitive market.

Iran and Pakistan to start shipping line

BY MOHAMED AFTAB IN ISLAMABAD

IRAN and Pakistan will buy two or three ships to start their new joint shipping line, the Irano-Pakistan Joint Shipping Company, on March 21, next year.

The company will have a total of six ships, according to the plans unveiled on Thursday by Rear Admiral Abdul Waheed Bhombal, chairman of the state-owned Pakistan National Shipping Corporation (PNSC).

The PNSC will collaborate with the state-owned Iran Shipping Company, its counterpart. The agreement is expected to be ratified in the next few weeks by the two joint-owner governments.

Tokyo reduces demand for Australian coal

BY COLIN CHAPMAN IN SYDNEY

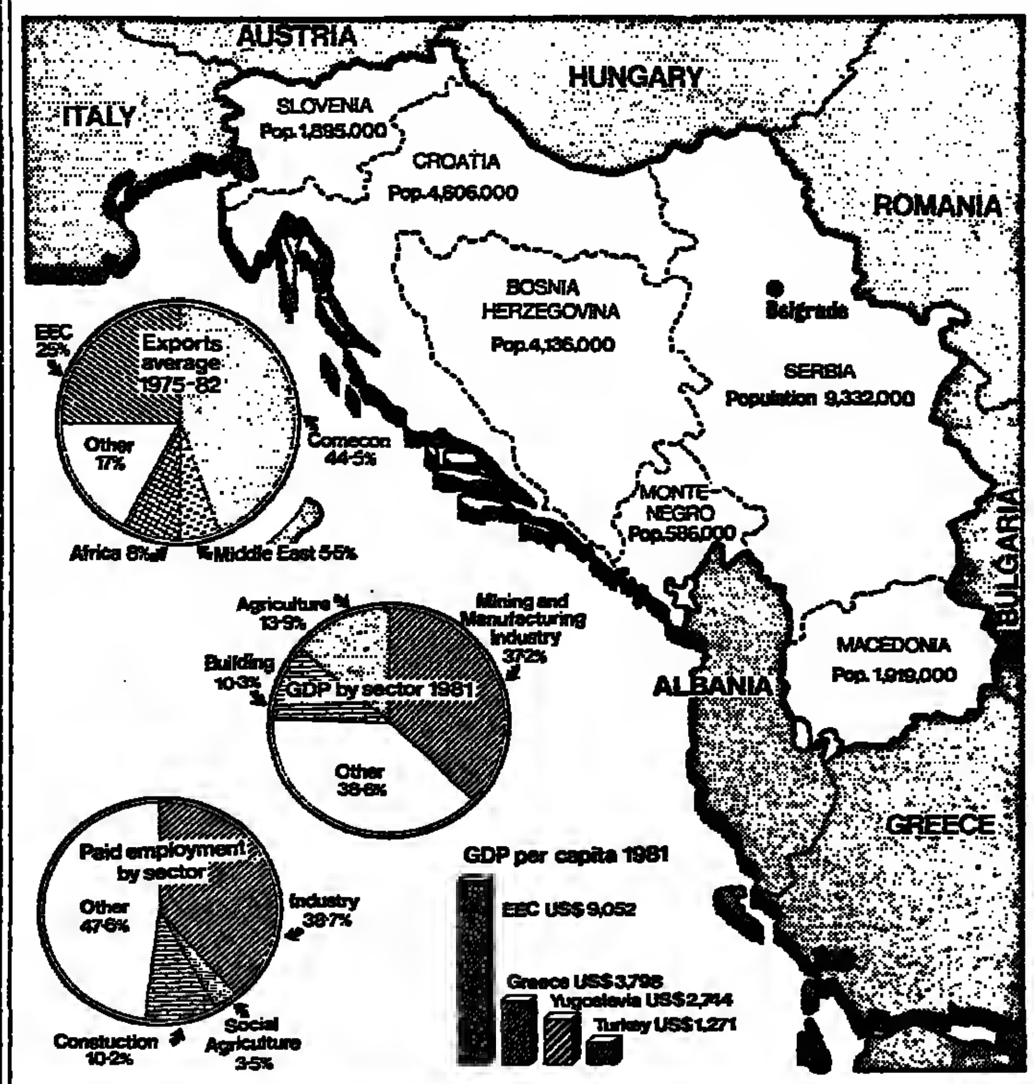
TALKS BETWEEN Australian coal producers and Japanese buyers ended in Sydney on Friday with both sides pessimistic about the immediate future.

The Australians said decreased coal demand was already having a serious impact. "Further lowering of demand, together with low prices, has the potential to cause disruption to the industry with serious economic and social consequences."

The Japanese said: "Slow economic growth was now a fact of life in the future of Japan," while industrial re-structuring was leading towards lower energy consumption.

The managing director of Tokyo's electric power company, Mr Minoru Masuda, said that the latest estimates for total energy demand between now and the end of the decade predict growth of about 2 or 2½ per cent, 25 per cent lower than previously thought.

STATISTICAL TRENDS: YUGOSLAVIA



End of an era of positive economic growth

THE YUGOSLAV economy has been going through a process of adjustment since 1980, after a period of rapid growth which persisted in the years after 1973.

Yugoslavia's Social Product (equivalent to business sector GDP) grew at an annual average rate of 6 per cent between 1973 and 1979, compared with a rate of growth of Gross Domestic Product of only 2 per cent in the OECD Europe area as a whole.

The pattern of economic growth shifted away from the external sector towards the domestic market: both fixed investment and total domestic demand grew faster than Social Product. At the same time, the rate of growth of exports fell from 8 per cent a year in the period 1965-1973 to only about 1 per cent in the following six years.

Yugoslavia's external debt increased sharply in the late 1970s; by the end of last year, it ranked twelth in the list of developing country debtors to the banks.

Borrowing, along with buoyant receipts from tourism and workers' remittances helped to disguise the underlying problems resulting from the lack of adjustment to the situation after the first oil shock.

Yugoslavia did not cut energy consumption and, in common with other developing and Comecon borrowers, investment continued to rise as recession was starting in the OECD countries.

By 1980, inflation was accelerating and the external deficits widening. In addition, the cost of servicing the external debt rose rapidly in line with the upward trend in international interest rates.

The Government's response has been to take measures to dampen demand, cut imports and investments, and try to boost profits and exports. These policies, latterly carried out as part of an IMF programme, have been only partly successful.

Although the current account deficit has been considerably reduced (there is a projected hard currency deficit of only $500m this year) inflation is again on an upward path after a fall in the rate of growth of consumer prices in the first half of 1982.

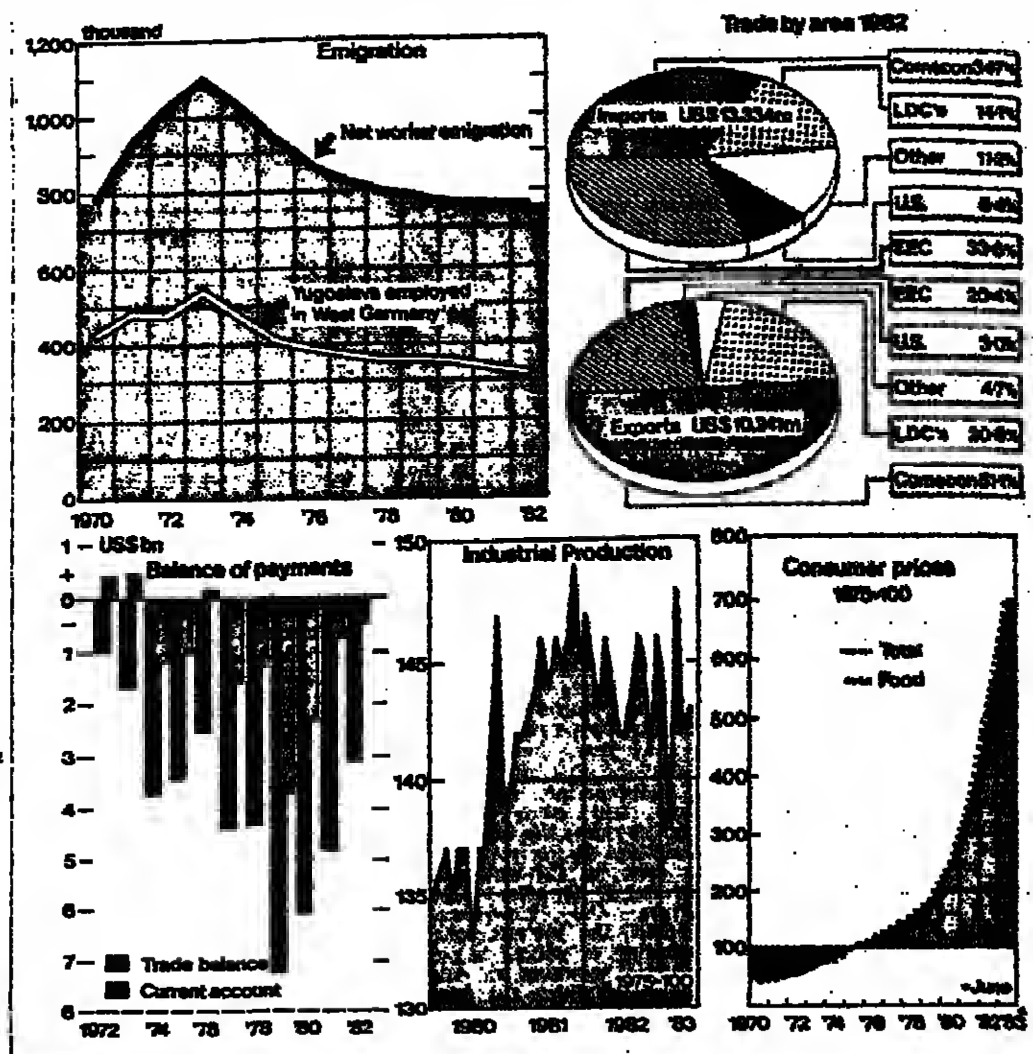
Industrial production is stagnant. Unemployment has been at a fairly high level, though stable, but looks set to rise in 1984. Agriculture is an exception to the generally bleak picture.

Real wages have fallen for three years running, but investments have not been brought effectively under control. Imports have been cut, but not always in the areas most desirable for the economy, leading to shortages of raw materials.

Part of the problem is insufficient control by central government of the allocation of resources and investment in relation to the powers of the individual republics.

Recession in the OECD area, and more recently, cutbacks in the Opec countries, have meant a fall in workers' remittances, and an overall decline in net invisibles receipts for the first time since the 1950s.

Despite the rescheduling of Yugoslavia's debt with the commercial banks in September, which included aid from the IMF and World Bank, Yugoslavia will still need aid to meet its repayment obligations in 1984.



GROWTH

ANNUAL % CHANGE

	1965-73	1973-79	1979-82
OECD EUROPE, GDP	4.7	2.5	0.5
YUGOSLAVIA			
SOCIAL PRODUCT	5.8	6.3	1.5
DOMESTIC DEMAND	5.8	6.7	−1.5
FIXED INVESTMENT	6.5	9.0	−5.7
EXPORTS (goods & servs.)†	8.0	1.0	5.6
IMPORTS (goods & servs.)†	10.0	2.5	−6.8
PRODUCTIVITY*	4.0	2.5	−1.8

† Approximate. * Excl. agriculture.

Source: OECD

PRODUCER PRICES 1975=100

	Fuel	Industrial goods	Inv. goods	Consumer goods
1970	20.00	43.00	56.00	47.00
1971	28.00	51.00	63.00	53.00
1972	34.0	56.00	67.00	60.00
1973	43.00	63.00	73.00	68.00
1974	93.00	82.00	82.00	83.00
1975	100.00	100.00	100.00	100.00
1976	100.00	106.00	110.00	105.00
1977	116.00	116.00	121.00	116.00
1978	121.00	126.00	128.00	127.00
1979	177.00	142.00	135.00	141.00
1980	370.00	182.00	156.00	172.00
1981	519.00	264.00	195.00	248.00
1982	681.00	330.00	227.00	310.00
1983	932.00	415.00	267.00	388.00 (July)

DEMAND AND OUTPUT

VOLUME GROWTH

	1978	1979	1980	1981	1982
FINAL DOMESTIC DEMAND	8.1	5.8	−1.4	−4.3	−1.6
Private Consumption	7.0	6.6	0.7	−1.0	1.2
Collective Consumption	8.5	4.5	−1.0	−4.6	−1.0
GROSS FIXED INVEST.	10.5	6.4	−5.0	−6.8	−6.5
SOCIAL PRODUCT	6.9	7.0	2.3	1.6	0.3
Agrcl. & Forestry	−6.4	5.7	0.0	1.4	6.9
Industry	8.7	7.9	4.2	4.2	−0.3
Construction	13.0	9.6	0.2	−4.2	−6.0
IND. OUTPUT per worker	5.3	4.2	1.9	1.6	−3.4

Source: UN

COMMODITY COMPOSITION OF TRADE %

	Imports 1977	Imports 1982	Imports average 77-82	Exports 1977	Exports 1982	Exports average 77-82
Food, drink etc	8.1	5.2	6.3	11.5	11.2	11.2
Raw materials	9.8	10.7	6.9	9.7	4.9	7.4
Min. fuels	13.6	25.6	19.5	—	—	—
Chemicals	10.3	12.4	11.8	6.3	10.5	6.7
Semi-manufactures	18.3	16.1	16.5	22.6	22.0	22.5
Finished manufactures	39.4	30.5	35.4	45.8	49.2	46.0
(Machinery)	(26.8)	(21.1)	(24.9)	(19.0)	(21.0)	(19.3)
(Ships)	—	—	—	(7.9)	(3.2)	(4.8)
Other	0.7	0.4	0.6	3.7	2.3	3.2

Source: OECD

EXCHANGE RATE

Dinar—U.S.$	1980	1981	1982	1983
JANUARY	19.86	29.48	43.68	67.73
FEBRUARY	20.09	30.44	44.99	73.26
MARCH	20.31	31.87	46.12	77.43
APRIL	20.81	32.92	45.46	81.14
MAY	21.00	33.40	46.00	84.86
JUNE	27.40	33.94	48.17	89.21
JULY	27.34	36.92	49.62	98.39
AUGUST	27.46	29.13	50.26	102.48
SEPTEMBER	27.96	33.33	52.28	106.13
OCTOBER	28.43	38.72	63.79	110.89
NOVEMBER	28.95	39.12	63.60	
DECEMBER	29.30	41.82	62.49	

EXTERNAL DEBT

$ BILLION

	Gross	Net	Total debt service	% of cur. acc. receipt
1973	4.75	4.00	1.00	19
1975	6.50	5.75	1.25	19
1977	9.50	8.50	1.50	19
1978	11.75	10.75	1.75	19
1979	16.00	13.75	2.75	20
1980	18.75	17.25	3.50	20
1981	20.00	18.25	4.00	21
1982	20.00	18.25	4.00	24

Source: OECD

LABOUR INDICATORS

	000s end 1982	% changes 1978	1979	1980	1981	1982
Total labour force	11,308	1.4	1.3	1.3	1.2	1.2
Employment:						
Outside agric.	6,360	4.6	4.3	3.3	2.9	2.4
In agriculture	3,636	−2.2	−2.1	−1.3	−1.0	−0.5
Abroad	762	−3.1	−1.3	−2.6	0.0	−1.0
Job Seekers	861	6.0	3.7	3.0	3.0	6.4
Vacancies	71	14.3	11.1	−2.6	−1.3	−7.8
Effectively unemploy'd	560	6.0	3.6	3.0	3.1	6.5
Real wages	—	6.8	0.1	−7.5	−6.0	−2.4
Wage costs per unit of output	—	15.7	17.4	21.6	35.8	31.4

Source: ECE

INVISIBLES

TRADE, NET US$M

	Tourism	Private transfers & workers' remittances	Services transfers net
1974	644	1,378	2,534
'75	702	1,316	2,632
'76	725	1,415	2,684
'77	750	1,427	2,796
'78	930	1,746	3,081
'79	1,028	1,710	3,564
'80	1,515	1,538	3,796
'81	1,863	2,042	4,076
'82	1,416	1,286	2,426

EXPORTS-IMPORTS, % change

	Exports Value	Exports Volume	Imports Value	Imports Volume
1977	7.75	−3.00	30.75	15.00
1978	5.00	−1.00	3.75	−1.25
1979	15.00	3.50	34.50	12.75
1980	32.25	10.75	7.50	−10.00
1981	13.75	4.25	−3.50	−12.50
1982	0.50	−8.25	−8.25	−10.00

Source: OECD

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit, charts and graphs by Financial Times Charts Department.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Nov 1-3
Blinds and Shutters '83 (Rickmansworth (0923) 774262)
St John's Hotel, Solihull

Nov 1-3
British Marine Trade Exhibition (Weybridge (0932) 545111)
Sandown Exhibition Centre, Surrey

Nov 3, 4
UK Tax Congress and Exhibition—TAXFAIR (Horsham (0403) 566113)
Cunard International Centre W6

Nov 6-10
International Domestic and Contract Textiles Exhibition—UACTEX (01-572 2121)
NEC, Birmingham

Nov 6-10
International Furniture Show (01-724 0851/2)
NEC, Birmingham

Nov 9-10
The Northern Contract Flooring Exhibition (01-236 0911)
Bolton

Nov 10-13
The 1983 USM Event (Brentwood Essex (0277) 228452)
Westminster Exhibition Centre, SW1

Nov 13-16
Times and Sunday Times Business in Business Exhibition (01-729 0677)
Belle Vue, Manchester

Nov 14-16
Conveyorex 83 (Uxbridge (0895) 58431/9)
Harrogate

Nov 14-17
Fast Food Fair (01-643 8040)
Brighton

Nov 15-18
Compec Exhibition (01-643 8040)
Olympia

Nov 22-24
Entertainment 83 (Eastbourne (0323) 37841)

Nov 28-Dec 1
Health and Safety at Work Exhibition (01-688 7788)
Wembley Conference Centre

Nov 30-Dec 4
World Travel Market (01-643 8040)
Olympia

Dec 5-8
Royal Smithfield Show and Agricultural Machinery Exhibition (01-235 9315)
Earls Court

OVERSEAS TRADE FAIRS

Current
World Telecommunications Exhibition—TELCOM (CH-1218 Grand Saconnex, Geneva) until Nov 1)
Geneva

Nov 3-11
Pan-Arab Food Industry Exhibition (01-636 5265)
Sharjah, UAE

Nov 8-11
Hong Kong Machine Tools, Welding and Metal Fabrication Exhibition (Solihull (021-705 6707)
Hong Kong

Nov 8-12
International Maritime Exhibition—EUROPORT (01-228 2880)
Amsterdam

Nov 13-17
Arab Home and Leisure Show (01-486 1951)
Bahrain

Nov 14-18
Paris International Electronic Components Exhibition (01-439 3964)
Paris-Nord Exhibition Centre

Nov 18-22
ArabBuild '84—fourth Middle East Building and Construction Show and Conference (01-486 1951)
Bahrain

Nov 22-24
British Engineering Products and Services Exhibition (01-729 6077)
Amsterdam

Dec 4-7
Euroship 83 Conference and Exhibition (01-461 8439)
Monaco

Dec 5-10
International Chemical Industries Exhibition—INTERCHIMIE (01-439 3964)
Paris

BUSINESS AND MANAGEMENT CONFERENCES

Nov 1
IPS: Oil, gas and petrochemicals—Success in Exports Too! (Stamford (0780) 56777)
Britannic House, EC2

Nov 1
IOD: Expansion through franchising (01-839 1233)
116 Pall Mall, SW1

Nov 3-5
City of Swansea: Cities in transition (Swansea (0792) 50821)
Swansea Guildhall

Nov 4
Monadnock: The one-minute manager (01-262 2732) **Brussels**

Nov 7-9
IGS Institute: Telecommunications—the next 10 years (Windsor (07535) 58811)
Tara Hotel, W8

Nov 8
Staniland Hall Associates: The UK economy in 1984 and 1985 (01-359 6054)
Centre Point, WC1

Nov 8, 9
Goodfellow Assoc: Canterbury 83—business opportunities in the energy industries (01-261 0403)
Canterbury

Nov 9
BIM: coping with the impact of major change (Corby, Northants, (0536) 4222)
InterContinental Hotel, W1

Nov 13-15
Metal Bulletin: 4th international ferro-alloys conference (01-330 4311)
Pittsburgh

Nov 15-16
FT Conference: The second Thatcher Government (01-621 1355)
Inter-Continental Hotel, W1

Nov 15-17
Liffe: Financial futures for banks (01-623 0444)
Strand Palace Hotel, WC2

Nov 16
Chatham House: new international policies for information and communication (01-930 2233)
Chatham House, SW1

Nov 16
Riba: How computer aided design will affect your office (01-637 8991) **66 Portland Place, W1**

Nov 24
Henley Centre: Forecasts of leisure time activities and spending (01-353 9961)
Cumberland Hotel, W1

Nov 29-30
FT Conference: World telecommunications (01-621 1355)
Royal Lancaster Hotel, W2

Dec 1-2
FT Conference: Venture capital financial forum (01-621 1355)
InterContinental Hotel, W1

Dec 6-8
CSP: Containerisation Asia 1983 (01-330 3911) **Hong Kong**

Dec 6-8
FT Conference: World banking in 1984 (01-621 1355)
InterContinental Hotel, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

UK NEWS

Laker halts sale of Skytrain Holidays

BY LYNTON McLAIN

SKYTRAIN HOLIDAYS, the company set up last year by Sir Freddie Laker with the backing of Lonrho, the international conglomerate, has stopped selling package holidays.

Sir Freddie launched the company after the collapse of Laker Airways, which went into liquidation with a shortfall to creditors of some £80m.

Mr John Jones, general manager of the company, said yesterday that Skytrain Holidays had "no brochures with any current holidays available." Sir Freddie was abroad and not available for comment and Mr Jones' statement was the closest the company came to admitting that it had ceased trading after a weekend of rumour.

Holders or potential customers of Skytrain Holidays were told to telephone the company this week to find out the status of their package holidays.

● It was exactly a year ago that the Association of British Travel Agents, meeting in Cannes, decided that it would not admit Sir Freddie's Skytrain Holidays to membership and thus his tours could not be sold through normal travel agency outlets, Arthur Sandles writes.

Sir Freddie Laker

This week the British travel industry gathers again in Palma, Majorca, and the latest incidents in the Laker story will get only passing notice. The industry has bigger worries these days.

The big package tour companies, an elite group which Sir Freddie aspired to rejoin, are currently locked in a blood-letting price war making the stakes for any new and ambitious entrant worryingly high. Consumers, their confidence rocked considerably by the Laker Airways collapse and today's general mood of economic uncertainty, have been homing in on the big brand names to the apparent concern of smaller companies.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Geo. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10½%
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland □	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9½%	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9½%	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	10 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½%	Volkskas Intnl. Ltd.	9 %
Citibank Savings ¶	10½%	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½%
C. E. Coates	9½%	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9½%	Yorkshire Bank	9 %
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months, 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
□ Money Market Cheque Account—8.90%. Effective annual rate—9.27%.

UK NEWS

Tebbit to press idea of 'flexible wages'

By Our Industrial Editor

THE GOVERNMENT has given a strong indication that it will act to lower wages in regions of high unemployment in an effort to create more jobs.

A confidential paper from Mr Norman Tebbit, Trade and Industry Secretary, to a meeting this week of the National Economic Development Council (NEDC) claims that wage levels which are incompatible with the demand for labour create unemployment and that "wage flexibility ... could and should be increased."

However, Mr Tebbit's document, the first he will present to the NEDC, does point up the likely directions to be taken.

Employment is recognised as the key issue in regional policy. The paper says that a policy's "main aim must be to reduce regional disparities in employment opportunities by improving the performance of the regional economies, without causing net harm to that of the national economy or merely transferring problems at the taxpapers' expense."

The need to "adjust" pay in the depressed regions is placed firmly within this context.

Worries grow over Nissan car plant plan

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FEARS ARE growing within the UK motor components industry that Nissan of Japan has scaled down its proposals for a car plant in Britain to such an extent that they will not be acceptable to the British Government.

A view which is gaining weight is that the Japanese group hopes to be able to drop the scheme without any loss of face. It would be able to put the blame for the breakdown in negotiations on the UK Government.

However, indications from Whitehall are that negotiations are heading in the right direction, although they have not yet reached the final stages.

It was also being pointed out that Nissan could not drop the venture without bringing some discredit on itself in view of the hopes it raised in Britain when it announced a feasibility study for the project as long ago as January 1981.

At that time Nissan said it wanted a plaot capable of producing 200,000 cars a year, plus an engine manufacturing facility. The cost was estimated at about £200m.

The Japanese group said that up to 5,000 jobs would be created at the plant, which it wanted to come on stream at the end of 1984.

It agreed to start with a 60 per cent European content in the cars and to lift this as quickly as possible to 80 per cent. The UK Government had insisted on these terms. It is now understood, however, that Nissan is proposing to start with purely an assembly operation for 50,000 cars a year, with a European content as low as 30 per cent.

Only if European market conditions proved favourable would Nissan increase output and local content to 200,000 and 80 per cent by the end of the 1980s.

The UK Government would fund 35 to 50 per cent of the project through various grants and might not believe the money well spent for the 1,000 to 1,500 jobs which would be created in the initial stages because there would be nothing in the scheme for Britain's hard-pressed component manufacturers.

So, the severe pruning of the UK project necessary to win the grudging approval of Nissan's chairman, Mr Katsuji Kawamata – who dropped his opposition a week ago – might well cause the UK Government to back away.

Volvo UK profit, Page 12

Plea in CBI for policies of recovery

BY JOHN LLOYD, INDUSTRIAL EDITOR

UNUSUALLY SHARP criticism of government economic policies will surface next week among Britain's business leaders.

Attacks oo the handling of the economy and demands for increased public investment – especially in capital projects – will be heard in resolutions at the Confederation of British Industry's (CBI) annual conference in Glasgow.

Sir Terence Beckett, the CBI's director general, is expected to shape these into a plea for more coherent medium-term and long-term objectives, and to mirror the confusioo his members appear to feel over present government policy.

Interest being shown in the conference, indicates that this CBI annual forum, its seveoth, is beginning to take on aspects of a real policy-making occasion. The tone of many of the resolutions makes it clear that it will also be a further source of criticism for a Government which preseotly has more than its share of critics.

The hardest-hitting resolutioo comes from the CBI's West Wales area committee, which is "appalled that after four years in office, the Government has done little to encourage economic recovery and urges it to introduce policies to help industry by stimulating real growth."

The CBI's Avon committee is only marginally less harsh when it criticises the Government's "essentially monetarist" policies for "inhibiting the process of wealth creation." Like other CBI councils and companies, Avon calls for greater "flexibility" io industrial, financial and fiscal policies.

The West Midlands council calls oo the Government "to pursue the long-term objective that manufacturing becomes a more profitable and attractive investment," while the CBI's economic and financial policy committee asks the Government to "give greater emphasis to seeking ways to stimulate demand without increasing inflation."

Inroads made by importers attract resolutions which urge the Government to police excessive or unfair imports, while the Footwear Manufacturers' Federation calls on the rules of free trade to change.

● The Government would probably lower interest rates and perhaps permit some overshooting of monetary targets if the recovery appeared to be faltering, Mr Gordoo Pepper, the economist and stockbroker with the broking firm, Greenwells, says in an article today in The Director, the magazine of the Institute of Directors.

London Business School forecast, Page 11

Shore may take dual shadow post

BY MARGARET VAN HATTEM, PARLIAMENTARY CORRESPONDENT

MR NEIL KINNOCK, the Labour leader, appears to have overcome the main obstacle io forming his Shadow Cabinet by persuading Mr Peter Shore to accept the combined posts of trade and industry spokesman, as "shadow" to Mr Norman Tebbit, and shadow Leader of the House.

That opens the way for him to appoint Mr Roy Hattersley as Shadow Chancellor and Mr Gerald Kaufman to the home affairs portfolio.

Other shadow appointments, due to be announced later today, are expected to include Mr Denis Healey, foreign affairs; Mr John Smith, employment; Mr John Silkin, defence; and Dr John Cunningham, environment.

Mr Kinnock appears to have succeeded in his first principal task: to allocate jobs without provoking a public row or resignations. But the appointments are bound to provoke some criticism.

UK NEWS

nflation rate forecast o touch 5% low point

London Business School expects a steady rise in economic activity. Max Wilkinson reports

ADY increase in economic at a rate of about 2 to 2½ nt a year for the next two is forecast by the London ss School's (LBS) Ceotre for mic Forecasting in its latest k published today.

ggests that the inflatioo rate, sured by the annual percenhange in consumer prices, ach a low point of 5 per cent last three months of this

consumer price index gives a hat different picture of infla- the more widely known prices index because it does lude the effect of mortgage payments. However, it is red by some economists to better picture of the underlyssure of inflation.

n next year onwards the busichool expects a steady but rise in the inflation rate to ual rate of 6½ per cent in the half of 1985 and 7½ per cent .

The annual rate of growth of average earnings in manufacturing is expected to fall to just under 6.9 per cent by the end of this year, with a further slight fall to 6.3 per cent by the end of next year. After that, however, the rate is expected to rise, reaching a plateau of 7¾ per cent in 1986 and 1987.

On the other hand, the rise in earnings is forecast to be offset by further productivity gains in manufacturing industry after an improvement of 5 per cent in 1982 and an expected iocrease of 6½ per cent this year. But the rate of increase in productivity is expected to tail off towards the end of the forecasting period in 1987.

The large increase in manufacturing productivity this year and next is expected to enable manufacturers to hold down the rise in wage costs as a proportion of their output to very low figures. In 1983, the LBS expects the rise in labour costs per unit of output to be only 1.1 per cent with a rise of only 1.7 per cent next year and 2.9 per cent in 1985.

This boost to industrial competitiveness is expected to tail off in 1986, however, and by 1987 labour costs per unit of output are expected ooce more to be rising nearly as fast as prices generally.

The school says that the present recovery has depended very much oo an increase in consumers' expenditure. This in turn is traced to the effect of a decelerating inflation rate, which it believes has increased consumers' confidence so that they have reduced their net savings and spent a higher proportion of their income.

hift in taxation burden urged

STANTIAL shift from direct ect taxation, a cut in the bur- taxes and costs borne by in- and a continuation of tight al policies are recommended London Business School as st way to reduce unemploy-

ys large expansions of de- in the economy in 1972-73 ain in 1978-79 had only a mi- pact on unemployment (re- it by 250,000 in the first case 100,000 in the second). The gains in employment were quickly dissipated as inflation rose rapidly after each attempt to expand the economy.

An explanation for the long-term rise in unemployment was that all of industry's major costs bad risen at a faster rate than output.

Since inescapable costs had risen faster than revenues, the article says: "To stay in business, manufacturers have had to reduce the cost element over which they had greatest control, namely the oumber of employees."

The Government is advised that a strategy for cutting interest rates and hoping that people will price themselves back into jobs will not be enough to secure an adequate fall in uoemployment during the term of the preseot Government.

A fiscal strategy would be needed to shift the burdeo of taxes from producers to consumers. Cuts in public spending might help to reduce taxes on companies, but the article adds: "The only realistic way of funding such a reduction is to increase taxes oo expenditure, preferably through value added tax."

UK NEWS

Overseas visitors step up spending

By Elaine Williams and William Dawkins

OVERSEAS visitors to Britain spent £3.12bn last year, compared with £2.97bn in 1981, according to the British Tourist Authority's (BTA) latest figures.

Its Digest of Tourist Statistics underlines the growing importance of tourism from markets outside Europe and North America. In particular, the number of visitors from Japan, the Middle East and Africa has shown the greatest percentage increase since 1976.

Visits from the Middle East have grown by 45 per cent during the past seven years to 573,000. While this represents only 5 per cent of the 11.6m total visits, spending by Middle East tourists accounts for a staggering 15 per cent of the total market. This makes them the second largest spenders after U.S. visitors, who represent 18 per cent of tourist expenditure in the UK.

Britain continue to be popular with a record number of overseas visitors attracted in August. Department of Trade and Industry figures show that 1.79m people visited the UK last August – 10 per cent up on the previous August.

Particularly attracted were Americans, whose visits increased by 48 per cent.

The number of Britons travelling abroad in the same month, however, showed a decline for the first time in more than four years.

The number of UK residents to visit North America fell by 27 per cent and trips anywhere abroad fell by 4 per cent to 3.14m.

Britain's travel account is still in the red, but the deficit for August shrank from £115m to £100m. Visitors to the UK spent £515m, 11 per cent more than in the previous August. Britons spent £615m overseas, a 5 per cent increase.

According to the BTA, 14.37m Britons travelled abroad in 1982 and spent £3.65bn.

The Department of Trade and Industry figures for the first eight months of this year show that overseas visitors spent £2.464bn in the UK, a 15 per cent rise on the comparable period.

Volvo ends two years of losses in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VOLVO'S subsidiary in Britain moved back into the black in 1982 after two years of losses. It produced a net profit of £3.387m, compared with a loss of £1.368m in 1981.

As a result, the British company was able to pay its Swedish parent group a dividend of £1.75m for 1982. There was no payment the previous year.

Volvo Trucks (GB) not only operates as an importer of the group's commercial vehicles, but also has six wholly owned distribution companies and an assembly plant in Irvine, Scotland.

Turnover of the combined operations rose from £88.4m to £115.93m last year.

The Irvine plant built 1,278 trucks in 1982, of which 280 were exported. Production of buses at the facility totalled 198 units, of which 100 were exported to Indonesia as part of a £10m order.

At the end of last year the company decided to spend a further £340,000 at Irvine to provide additional facilities for the production of a new double-deck bus chassis, called Citibus.

Volvo employs 450 on the Irvine site and 238 at its own distributorships. There are 23 distribution outlets for Volvo trucks in Britain, as well as some parts and service dealerships. Last year the dealerships were increased from 18 to 24.

Britain was Volvo's second biggest market last year. Registrations reached 3,430 (up from 2,540) to leave the UK only slightly behind France – the top market – with sales of 3,500 (3,400), but ahead of Sweden with 2,280 (2,650).

Volvo's share of the UK market for trucks over 3.5 tonnes gross weight improved from 5.8 to 7.9 per cent last year, and it maintained its leading position in the heaviest sector – tractor units over 28.45 tonnes – with 21.2 per cent (18 7 per cent in 1981).

So far this year its sales have improved again, from 2,619 to 2,954 by the end of September, pushing up its share of the over-3.5 tonnes sector marginally, to 8 per cent.

● The executive of the Amalgamated Union of Engineering Workers is expected to consider tomorrow a request to make official a pay dispute which has stopped production at Rolls-Royce Motors' manufacturing site in Crewe, Cheshire, for the past week.

Reed agrees deal on shorter week

By John Lloyd, Industrial Editor

REED CORRUGATED CASES (RCC), a member of the Reed International Group, has conceded a claim for a 35-hour working week for its manual workers, a cut of five hours.

The deal is seen as a major breakthrough by the unions, at a time when they are pressing hard for a reduction in hours as part of a Trades Union Congress campaign aimed at reducing unemployment.

It appears to be among the first, if not the first, deal of its kind outside the heavily capital-intensive oil and chemical industry. A 35-hour week was conceded early this year to some 5,000 workers at Metal Box – but only after agreement had been reached on continuous shift working.

Reed says the reduction will not affect other companies in the group, as RCC is the only member which bargains nationally and all companies enjoy complete autonomy in bargaining.

TECHNOLOGY

EDITED BY ALAN CANE

ATHENS SOLAR POWER CONFERENCE SHOWS STRIDES IN TECHNOLOGY

Sun power industry dawns

BY MARK NEWHAM

FIVE TIMES now over the past six years the EEC has organised a major international solar photovoltaic energy talking shop and exhibition. In each case the dividing line between technology and business has progressively weakened to the point at which one could hardly tell one from the other at the latest EEC photovoltaics conference which ended in Athens last week.

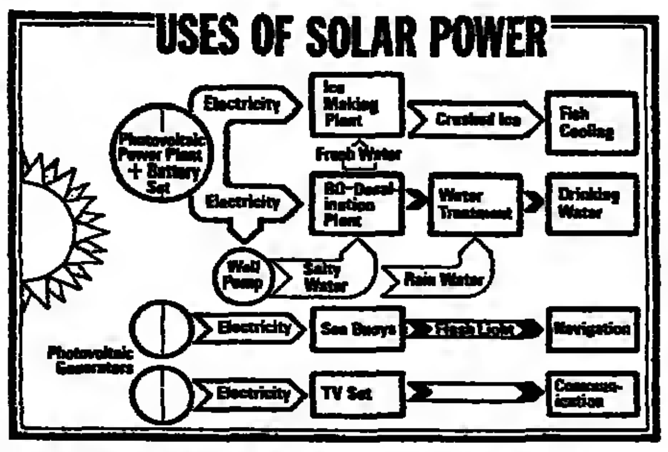
In the early days of photovoltaic commercialisation, from the early to mid-1970s, anyone backing this embryonic industry with hard cash was thought either a fool or a visionary as few understood the technologies being developed and little experience of fully-operational equipment was available.

Today, things are very different with technocrats and entrepreneurs having learned the rudiments of each other's language and with up to five years of experience of operating photovoltaic systems.

The point was especially emphasised by U.S. and European companies and government agencies alike at the Athens conference who estimate that over 20MW of photovoltaic modules and arrays are now installed throughout the world. These generate electricity for local use or for national grid networks. Today photovoltaic array sales are running at about U.S.$100 million a year and rising rapidly.

Over the past 10 years, according to Wolfgang Palz, who heads the European Commission's photovoltaics programme, the annually-installed capacity of photovoltaic arrays has multiplied one thousand-fold from the 10 kW figure of 1973 to 10 MK this year. Despite cut-backs in government spending on this sector over the past two years, the growth trend is steady with third party financing concerns interested in the field appearing in the U.S. in particular.

> In the early days of photovoltaic commercialisation anyone backing this embryonic industry was either a fool or a visionary.



Solar power applications for a West German photovoltaic energy project in Indonesia

This interest in photovoltaics by finance bouses has come partly as a result of persuasion tactics by industry itself, and, partly from the technological and operational experience of photovoltaic systems now available to technology investment analysts.

Three papera at the Athens conference gave an indication of how the level of experience with operating systems has grown. Two were from the BDM Corporation of Albuquerqne, New Mexico. It bas acted as prime contractor on a number of photovoltaic power installations in the U.S. including the 1 MW capacity plant near Victorville, California, online since February this year.

The plant—whicb features 108 pbotovoltaic arrays mounted on frames capable of tracking the sun's path in both east-west and north-south directions—is owned and operated hy Arco Solar, a subsidiary of oil major Atlantic Richfield. The power generated is bought by the Southern California Edison utility fed through its grid to electricity consumers in the area.

Eight months of operating experience has resulted in over 200,000 MWh of generated power. Arco Solar has been able to produce sufficient performance data to update the pbotovoltaic modules used and to confirm theoretical studies that the inclusion of reflectors on either side of the modules to direct otherwise unused sunlight on the modules will increase electrical output by about 50 per cent.

Armed with this knowledge, the company has started work on the first phase of a 16.5 MW plant at Carrisa Plain, California, in which a field of arrays generating 6Mw is being installed to coma on-line by March 1984 supplying power to the grid of the Pacific Gas and Electric utility.

Smaller-scale operating experience was outlined by Wayne Kauffman of the BDM Corporation, who has studied in detail the performance of five photovoltaic installations as well as the Arco 1 MW plant. Kauffman said his studies of the five installations—a 240 kw photovoltaic/thermal hybrid system at the Mississippi County Community College; a 50 kW system on the BDM Corporation's office roof; a 40 kW array at the McClellan air force base; a 4.7 kW system at the Southwest Photovoltaic's Residential Prototype Station in Las Cruces, New Mexico; and a 1 kW assembly on the roof of the Taiwan Energy Research Laboratory in Taipel—yielded essential information without which future photovoltaic installations would not be improved and refined.

Uppermost in a vast line of modifications required for future installations was the need for greater thought at the design and planning stage relating to module orientation and site considerations and the need to fully educate the user of the equipment on assembly maintenance and operation.

In the third major paper on operating experience, a team of researchers from the Arabian National Centre for Science and Tecbnology in Riyadh, Saudi Arabia, dwelt on problems encountered and overcome during the two years of operation of a 350kW concentrating photovoltaic generator located in a remote part of Saudi Arabia to supply electricity to three local villages. Extensive system breakdown during the operating period was blamed mainly on faulty connections on 48 per cent of the cells used in the generator's modules.

These have now been repaired and the research team is confident that most of the faults have been corrected. Tha knowledge gained in operating this system has provided the researchers with information essential in the design of future photovolatic generators for tha area.

Summing np the USA's experience with pbotovoltaic arrays, Jack Stone of the Solar Energy Research Institute said that since the U.S. Government started funding photovoltaics research and development in 1977, over 11,000 modnles have been installed and only 4 per cent of these have failed electrically. Of these failures, 50 per cent were due to cracked cells; 32 per cent were due to broken interconnections; 13 per cent were caused by shorts to ground; and 5 per cent were due to soldering problems. About 75 per cent of failures, Stone concluded, were a resulr of flaws in cells and modules caused during manufacture at the factory and the incidence of factory-induced failures would decline rapidly with manufacturing experience.

> Interest in photovoltaics has come partly as a result of persuasion tactics by industry itself and partly from experience of systems now available to technology investment analysts

RAILWAYS EXPERIMENT IN WEST GERMANY

Magnetic levitation

BY GEOFFREY CHARLISH

NEXT TO the Ems Side Canal between Dorpen and Lathen in West Germany, engineers are putting the finishing touches to the first section of an experimental magnetic levitation "railway" on which the Federal Ministry of Research and Technology and Messerschmitt Bolkow Blohm plan to run trains at 300 kph (187 mph) before tha year is out.

The construction of this first 21 km section, including a trials centre at the southern end and the test vehicle, bave cost about DM 460m. This sum also includes the cost of five special vehicles that will lay the stator windings on the "track" and test it.

Known as Transrapid 06, the system uses the so-called "long stator" drive in whicb the electromagnets governing both hovering and forward drive are accommodated outside the vehicle, in the track—rather in the manner of the original linear motor invented by Professor Laithwaite in the UK.

There have been considerabla problems to overcome in terms of controlling the running, bearing and control magnetic fields. However, the technique has the advantage that no overhead wires or trackside busbars are needed to take traction currents into the vehicle itself.

The track, made of ferro-concrete and set on pylons 3.8 metres off the ground, takes the form of a "V" with a flat roof. The horizontal edges of the roof platform are spanned by the undercarriage of the vehicle in horizontal "U" formations and the lower parts of the fixed platform carry the stator coils. These react with magnets suspended below the "bover-carriage" so as to both raise and propel it forward.

Complicated sensor-controlled governor circuits adjust an air gap of 10 mm between the stator windings and the bover carriage magnets suspended below. The vehicle is also guided laterally, without contact, by a separate system of guide magnets.

Tha vehicle is 54 metres long in two identical sections 3.7 metres wide and 3.8 metres higb. Since it has no drive elements, propulsion being effected by the windings along the track, the interior space can be used to the best advantage. With rows of five adjacent seats 190 passengers can be accommodated. The weight is 122 tonnes.

It is claimed that the energy consumption per person per kilometre will be about that of a private car—a little bigber than for a conventional train.

But there could be dramatic reductions of journey times and the system would offer a high level of passenger comfort.

There is a prospect that the Transrapid 06 will be used on a proposed link between Las Vegas and Los Angeles in the U.S. The journey time would be an bour and 25 minutes which could be competitive with both the airlines and any possible more conventional rail link. More from Messerschmitt Bolkow Blohm, Neue Verkehrssysteme, *Postfach* 80 12 65, D-8000, Munich.

SATELLITE REMOTE SENSING

Hunting for minerals

BY ELAINE WILLIAMS

DURING ONE of the Space Shuttle Columbia's flights last year it carried an experimental radar for scanning the earth. The hope is that by the end of the decade exploration companies such as oil and mineral groups may find this a nseful tool in uncovering so far untapped resources.

Though it is already possible to use aircraft radar for exploration, a radar-carrying shuttle could cut dramatically the cost of gathering radar images.

One of the companies which is deeply involved in all forms of remote sensing data from both satellites and aircraft is Hunting Geology and Geopbysics, part of the Hunting Group, based in Borehamwood in the UK. It was joint official observer with the Royal Aircraft Establishment at Farnborough during the Columbia flight.

Hunting has been involved also with the use of aircraft borne radar so that it can gain experience with satellite systems when they become more widespread. At present most satellite scanning systems rely on optical techniqnes rather than radar which require different interpretation methods.

Hunting was one of the first companies in the UK to use satellite sensing data as an initial step in oil and mineral exploration, land and resource mapping. It was involved with data interpretation for the first Landsat satellites which are the main earth resources satellites. Today it uses satellite data for almost every aspect of its business.

Remote sensing images reveal very little to tha unpractised eye. Experienced geologists have to make deductions about conditions below ground on tha basis of surface images. For example, there is very little chance of detecting petroleum directly at the Earth's surface, so most satellite data techniques involve indirect methods such as geological mapping and structural analysis.

The most widely available Landsat data comes from the craft's multispectral scanner. This scans the earth with an oscillating optical system. The light received is split by prisms, passed through four different optical filters and converted into electronic signals. These are then transmitted directly to earth, or if the satellite is not within range of a receiving station, recorded on magnetic tape for later transmission.

The data received are converted from electronic signals to photographic images and computer compatible tapes. Companies sucb as Hnnting then correct the data for distortions prodnced by the satellite, and combine the signals to form a composite picture.

BOOK REVIEW

How to be a computer buff

FOR MOST of us who regard computers with a little fear and a great deal of auspicion, at last comes a book aimed at people who know nothing about computers and would like to have left it that way.

With these comforting words emblazened on the front cover, Stephen Castell's book, Computer Bluff, gives the computer-ignorant indispensible jargon to pass one off as an expert at any dinner party.

Though very light-hearted in its approach the book manages to put over the principles of compnting in a very simple but understandable way. It rushes quickly through the history, the theory and the applications of the dreadful machines, illustrated throughout by small cartoons.

In a similar vein Michael Cricbton, author of the Andromeda Strain, has written "Electronic Lifa" which tries to convince people that living with tha computer is bearable and should be enjoyable. It tries to put over several important points to remember about the infernal machines, some of which are that people are more important than computers; much of what we believe about computers is wrong; it is easy to use a computer; this is fortunate because everybody's going to have to learn; it is not so easy to use a computer wisely; compnters can actually be a lot of fun; there are people wbo want to put a stop to that.

Laid out in a dictionary form, the book covers everything from applications to Zenith: the final days of man before the machine takes over? Crichton litters the book with statements which attempt to be profound. For example, he states: "People are people. Machines are machines. Only a fool confuses them."

The Which Computer Book of Computer Bluff, Quartermaine House Ltd. Electronic Life published by Heineman, £7.95

THE MANAGEMENT PAGE

Christopher Lorenz starts an occasional series on corporate identity

More than just a pretty face

WHAT'S IN a new corporate identity? Just a glossier face to show the world, with maybe a jazzier logo to go on the company's notepaper, buildings and vehicles? Or something of substance, that really does communicate to employees and customers alike that its strategy or even its character has undergone a radical transformation?

The question comes up more and more frequently these days, as companies jostle to differentiate themselves from each other in the market—and as some of them actually rethink their role in life. Blood is being spilled in a growing number of boardrooms about what would appear the most attractive for the corporation.

Some corporate identity programmes are very expensive, others quite cheap. Some touch on the very roots of corporate strategy and culture, others seem only skin deep. Some are launched to help initiate strategic change within the company, others to reinforce changes that had already taken place. Some are smash hits, others embarrassing failures. Over the next few weeks we will be examining several contrasting examples.

The first article examines the spanking new $15m campaign launched by SAS, the flag-bearing Scandinavian airline, to ram home the revolution it has undergone in the last two years. In 1981 it was on a downward spiral, plunging deeper and deeper into the red thanks to its dreadful reputation (for service and punctuality), its loss of staff morale and a consequent slump in market share.

Yet its service and timekeeping are now second to none, it is deservedly claiming to be "The Businessman's Airline"—and as a result its full-fare traffic and profits are booming. All this at a time when the world airline industry is still suffering from near-zero growth and a veritable financial haemorrhage.

The key factor behind the SAS revival has been the arrival of new management with an entirely different approach to the business. In place of the technical, production-orientated attitude which used to underpin almost all the company's actions has come an almost evangelistic dedication to putting customer service above all else. It is this totally marketing-geared approach which the stylishness of the new SAS livery and logo in gleaming white, with diagonal red, yellow and blue stripe, is intended somehow to reflect.

The revolution at SAS

BY RIGHTS, Jan Carlzon's glamour should be fading a bit by now. Over the last year and a quarter, starting with this newspaper in August 1982*, the revolution this rugged, blond 41-year-old has wrought at SAS since he took over as chief executive, has been written-up in glowing terms in every respectable international business publication, on both sides of the Atlantic. Can their (and our) business readers really still want to know more about him and his great works?

Well, yes, it looks as if they do. At a Management Centre Europe seminar for senior executives in London last month, he was even more of a hit than the supposed star attraction, Peter Drucker, who at 74 is still undoubtedly the world's leading management guru.**

After Carlzon's 90 minute speech and discussion session, the audience kept him back for nearly another hour, peppering him with questions about *his extraordinary discovery* that if you put your customer's interests first, rather than those of your organisation and its internal politics, and if you give your staff as much independence as possible, then tha quality of your service, sales and profits will be transformed for the better. The next speaker had to slash his presentation to a mere quarter of an hour.

In a nutshell, what Carlzon has achieved (admittedly with the help of his much more experienced chairman, Curt Nicolin, who is also head of ASEA, the Swedish electrical engineering group) is to turn the airline from a SKr 88m lossmaker in the year to September 1981 into a SKr 292m profitmaker the following year (far more if one counts the sale of unwanted aircraft), and into the proud earner of over SKr 550m before tax in 1982-83.

To cut short a very long and complex story, this was achieved by: restructuring itself into a leaner and more decentralised organisation; eliminating uneconomic or unpromising routes and services (and selling-off four new Airbuses to allow more frequent non-stop flights by smaller, revamped old DC-9 aircraft); introducing high quality business class service (in November 1981, under the admittedly ungainly name of EuroClass) at the same price as competitors such as Lufthansa and Swissair charge normal economy-class passengers; and investing SKr 140m in more than 160 projects to improve the quality of customer service (including business lounges at key airports, more leg room for passengers, better food and the assignment of additional passenger service staff, plus extra personnel to load and manoeuvre planes quickly as part of a new punctuality drive).

Though British Airways and Air France had already introduced their business classes, the all-round attention which SAS paid to every small detail, and the absence of any extra on the fare, quickly paid off.

Over the next year, the decline in full fare traffic on SAS's European routes was transformed, in a stagnant market, into a near-9 per cent rise. It was followed by a further 4 per cent increase over the nine months to August 1983, by which time SAS had also virtually recouped the previous year's 6 per cent drop in discount traffic caused by business people switching to EuroClass.

The impact of these shifts on the airline's overall traffic pattern in 1982 was to halt the previous slide in its European market share at 7.4 per cent (as measured by the Association of European Airlines), and then to boost it to 8 per cent by this August.

Almost every time Carlzon speaks about his success—to business conferences or journalists — which is frequently, given his showman's instinct for self-publicity—he hangs home the same messages: that "an airline's only real asset is a satisfied customer"; that it's more effective to be "one per cent better in 100 details than 100 per cent better in one;' that, to the marketplace, SAS consists only of 50 million annual "moments of truth," when a customer makes contact with an SAS employee, or vice versa; and that this overriding emphasis on the market means that the role of SAS central management is to listen to what its "front line operators" are telling it, rather than tha other way round, which is still the pattern in far too many organisations.

Given Carlzon's flair for showmanship—learned in his early years working for the Vingresor package tour company trying hard to give his clientele "the best fortnight of their year," as he puts it—it may seem surprising that he left it until this summer to introduce a new SAS corporate image.

Several factors contributed to Carlzon's apparently protracted timescale. First, it took almost 18 months for a team of U.S. consultants, Landor Associates, to develop a range of alternatives for SAS, and for the chosen one to begin to be put into effect—in terms of aircraft livery and interiors, reservation offices, ticket desks, cabin staff uniforms, and so forth.

Jan Carlzon: "An airline's only real asset is a satisfied customer"

But the delay is also explained by Carlzon's wish to minimise any impression that he was making only a cosmetic change. He has already been accused often enough of indulging in empty razmatazz.

In a new booklet called "What's What in SAS," Carlzon's management goes to considerable lengths to underline that "the content (of SAS's strategy) will always be more important than the image." But now that the main service and marketing elements of SAS as "the Businessman's Airline" were in place, a new corporate image had ben developed "to package them properly. . . ."

"Corporate identity is a communication tool that starts with an honest evaluation of what a company is, and develops into an organised, controlled system," the booklet argues in textbook style.

Though it insists that the creation of a corporate identity requires much more than a graphic facelift, it fails completely to convince. This may be true in the case of SAS, but as any frequent traveller knows, far too many airlines' images promise what the actual organisation cannot deliver.

If you have had to queue for an hour at a smoky, overcrowded check-in, or stand around in the departure lounge, if the food is bad, or if the cabin staff take poor care of you, then an airline's identity is exposed for what it really is: at best an over-ambitious exercise in hyperbole, at worst a cynical sham.

In such cases, it is the client and not the consultancy which is at fault. Negus and Negus, the consultancy which created British Airways' glossy new livery in 1974, cannot be blamed for the fact that, for almost a decade until new management took a strong hand, passengers saw only too glaringly the gap between the image and the inadequate reality. Negus could hardly have created an identity which reflected the true BA of the time, with its poor punctuality and lack of caring quality.

Now BA has asked Lander Associates to take a new look at its livery, so it could soon be changed again.

Whatever the decision at BA, the important thing is not the glittering corporate identity, but what lies beneath. It's the same in any other kind of business.

* *August 6, 1982.*

** *See "Drucker and the art of studied simplicity," September 23, f983.*

IPM Conference

Is your personnel manager a dinosaur?

BY BRIAN GROOM

DO PERSONNEL managers have a future? Their morale has taken a battering during the past four years of redundancies in British industry and some look to the coming years with trepidation.

Not only have their own jobs become vulnerable with the shrinking of the workforces they administer, their fortunes are also curiously linked to the strength and influence of the trade unionists who sit across the table.

A seminar at the recent Institute of Personnel Managers conference in Harrogate heard a gloomy prognosis from John Cousins, former director of personnel and industrial relations at John Brown.

"At the moment, company chairmen are getting the changes they want without opposition, from the management through to the sweeper," he said, adding that with 3m unemployed, chairmen and line managers feel they themselves can handle industrial relations with a cowed workforce.

A former shop steward, Transport and General Workers Union national secretary, end senior executive at the National Economic Development Office and Plessey, Cousins bears painful personal witness to the idea that personnel managers are dispensable. John Brown felt able to dispense with his services and not replace him.

In the 1930s, personnel managers were the Cinderellas of management—messengers between the "real" management and workers. Their status and numbers grew as the industrial relations climate changed with postwar full employment, and as a welter of legislation affecting employees, from race to health and safety, hit the statute book.

Unless full employment unexpectedly returns, said Cousins, personnel managers could find themselves simply the custodians of low-level information. And he asked rhetorically; "Are we going to be the dinosaurs that some suggest the trade union movement already is? As the unions decline, are we declining? Are we simply the last ones to turn the lights off when the factory closes?"

The answer from a large section of the IPM conference audience was "no." Personnel, some said, had a part to play in achieving the increased flexibility being demanded of workers, in handling relations with the community, pre-retirement counselling and curbs on overtime to create work.

Some speakers told Cousins he was confusing decline in numbers with decline in influence. Rapid changes in work patterns were taking place, in which personnel had an important role. When people worked at home in the "electronic cottage" industries of the future, personnel managers would be needed to organise them from the centre.

Others foresaw a two-tier profession: traditional full-time careers in the public services, and short-term contracts to fulfil specific tasks in the private sector.

Cousins agreed it was time for personnel to take on a wider role as managers of "human resources," like their U.S. counterparts, but they were unlikely to do so.

"When I started in personnel I thought it was to bring some sort of social conscience to those industries I worked in. What has happened is we have become functionaries. We have not become the conscience of industry," he said.

Future shock

"People said to me I had no idea, I should shut up and stop nattering on about social awareness. So I shut up. As a trade union official I had better and more ideas about how to restructure work than any personnel manager I ever sat around the table with."

Some delegates also disputed his view of continuing union weakness, pointing out that workers would get used to 3m unemployed. The issue of whether unions would regain much of their strength inspired wide divisions among expert speakers at the conference.

Cousins' prognosis is heavily dependent on the "future shock" view that technological advance will keep the world out of work. There is far from a consensus on that.

A separate seminar heard Mitchell Fromstein, president of Manpower Inc of the U.S., outline the revolution in work patterns. He asserted that because of the fall in the birth rate there would be a shortage of labour within a few years, not an oversupply.

THE ARTS

Lovers Dancing/Albery

Michael Coveney

It would be pleasant, but misguided, to welcome back to the West End the author of *Rattle of a Simple Man* and *Staircase*. For Charles Dyer's *Lovers Dancing* is a trite old confection of sexual and conversational arabesques among a couple of menopausal marriages thrown together on the 19th anniversary of a ballroom dancing contest.

The hosts, Cheryl and George, won not only the silver trophy but also the custody of a boy (Michael never appears) conceived in an alcoholic four-cornered romp between the sheets. Suspicions of foul play are not confined to some back-stage meddling with Albert's trouser buttons. The "fateful bed night," which I intriguingly misheard for the first half-hour as the "faithful bed night," produced George and Cheryl's son.

George and Cheryl have the upper hand. He runs a successful bottle factory, she paints naked soldiers in the village life class. Their "place," as designed by Peter Rice, is a cavernous semi-circle of beige dock wallpaper, china plates behind glass, wall lamps, onyx ashtray and goatskin rug. It reeks of arriviste pretensions.

Loss of marital libido is linked to a large amount of rather tedious fantasy and dirty talk. Only the resurrection of the Lord Chamberlain, you feel (since Mr Dyer's programme biography goes on about him at such smug and pompous length) could make a live issue of the drama.

Chat about pear-shaped bottoms, male members the size of salamis and desirable supermarket staff may be just the ticket for jaded theatregoers. What interests me is that none of the characters is placed in any credible context — social or psychological — and that Donald McWhinnie's thunderously unfunny production resorts, in the end, to a sort of jokey miasma derived from actors' mannerisms.

Georgina Hale as Cheryl has an incomprehensible speech about the Alabama slave trade which goes some way, perhaps, towards explaining her strange accent which I can only describe as sub-aquatic mid-Atlantic.

As George, Colin Blakely potters around his furniture in a fastidious manner, browbeating the bloodhound features of Paul Eddington's ballroom rival with a mixture of social threat and physical bluster. Legs akimbo over the precious rug are funny the first time; as is Georgina Hale's flouncing descent on the sofa in a sea of diamante-studded pink chiffon.

The baggy-eyed Mr Eddington's spouse is the moon-faced Jane Carr, to whom I extend my sympathies. She is, however, in company with her three distinguished colleagues, wasting her time. The evening reeks of an outmoded risqué experimentalism while paradoxically convincing you that Mr Dyer can certainly write when he chooses to. Good plays, however, are another matter. *Lovers Dancing* is unabashed drivel.

Suoraan/Purcell Room

David Murray

On Saturday Michael Finnissy's group Suoraan gave a civilised little concert — almost a private party, for of an audience of about 40 souls, many there for friendly or professional reasons. The Purcell Room seemed too grand for the affair, though all the music sounded well in it, particularly when the mezzo Josephine Nendick was involved. Subtle artist that she is, she conveyed expressive points to precisely the right scale, and her cleverly cultivated timbre—suggestive and flexible, satisfying well-tuned—was bewitching.

Suoraan are contemporary specialists, but this time the principal work was by the 14th-century Guillaume de Machaut: *Le Lay de la fonteinne*, an extended tribute to the Virgin which alternates pairs of stanzas for the singer alone with pairs set as three-voice canons. In Finnissy's arrangement flute and oboe were the secondary voices, with some harmless re-adjustments in the music. To three of the monodic sections he added a pretty glockenspiel descant and to two canons a distractingly fussy drum-part (plainer would have been much better). But all-in-all the performance was a rare pleasure, with Miss Nendick bringing all her musical intelligence to bear (at some distance from current notions of "authentic" vocal address) on a serenely beautiful, beautifully organised piece.

The four shorter pieces in the first half were essentially monodic studies, though Finnissy's own *Dilok* — Kurdish-inspired—sets its twirling oboe against busy unpitched percussion, as much evocative as constructive. It made a relaxed sequence (not for the performers) more convincingly continuous than Betsy Jolas' *Fusain*, for a flautist playing bass flute and piccolo by turns. Miss Jolas' pleasant device of smoothing the passages from one instrument to the other with vocal crooning by the player (Nancy Ruffer) did not dispel an impression of bittiness, though the flute-writing contains lovely paragraphs.

Harrison Birtwhistle's oboe *Pulse Sampler* has its variable pulse set by hardwood *claves* which were sometimes ear-splitting in this little room; the music is more a game for the players than a real concert-piece, but Christopher Redgate brought out the shapeliness of the modal oboe-warblings over John Harrod's punctuation. Miss Nendick alone gave a splendid account of Judith Weir's *King Harald's Saga*, a cooly witty "grand opera" in many epic verses for a series of variously involved characters. They are inventively differentiated in the music, which adds up to a substantial music-theatrical whole; Miss Nendick left one in no doubt of that, rendering musical points scrupulously and wryly without extraneous tricks.

Literary contest with north of England flavour

A new competition has been launched by five of Britain's regional arts associations in conjunction with Constables, the publishers. A cash prize of £1,000 is offered for the best new novel from the north of England, plus a £1,000 advance from Constables on acceptance for publication.

Any English writer living north of a rough line from the Mersey to the Humber, whether previously published or not, is eligible to enter a novel—provided it has not previously been published and is not under consideration by a publisher or agent. The closing date is June 30 1984.

Further details from Northern Arts, North West Arts, Yorkshire Arts, Merseyside Arts

Architecture/Burrell Collection

Colin Amery

It stands in the corner of a field pressed close to a line of woods. There is nothing to give you a hint of the riches within except the high sandstone gable projecting from the walls of glass. Driving or walking through the surrounding Pollok Country Park the visitor does not take part in any picturesque progression, instead you arrive quite suddenly at the oak door and the giant shelter for the great Burrell art collection stretches away into the trees.

The story of the building of the new home for the Burrell Collection in this park, 20 minutes by car from the centre of Glasgow, goes right back to 1944 when the City of Glasgow accepted the collection from Sir William and Lady Burrell. It was not until 1971 that the commission for the new galleries was awarded to Barry Gasson, John Meunier and Brit Andreson after a well-run two stage architectural competition.

Twelve years later the collection is beautifully housed. In its first week it has been amazingly popular and there is no doubt that it is one of the most interesting and successful new museum buildings in the country. Barry Gasson is the only one of the three original architects who worked on the design who has stayed with the project all through. It is clear that, unlike the horrible extensions to the National Gallery and the V and A designed by the corporate Public Services Agency, the guiding influence of one man has produced a new museum of great quality. Barry Gasson had the wonderful opportunity of working with an intact collection that is never going to change in any substantial way — his love of the collection shows in the organisation of the new building.

Certain objects in the collection defined the kind of museum that was needed. Burrell had bought large scale architectural fragments, doorways, windows and arcades of stone; panelling and ceilings of wood. The great tapestries are the centre of the collection and they needed to be shown in carefully controlled light. He loved ancient stained glass; Northern Gothic alabaster, stone and wood carvings; French nineteenth century paintings and Islamic carpets.

In plan the museum is like a large right-angled triangle with the longest third side being the great glass wall that abuts the woods. Fortunately this long glass wall faces north, in the centre of the whole space are the rooms that need less light, on the south facing glass wall the stained glass is hung like banners against the light, and the restaurant occupies the lower level south-east corner. Running north-south are long narrow galleries which are bright and top-lit, housing mainly silver, ceramics and armour.

Photographer Keith Gibson—courtesy Architects' Journal

Exterior of the Burrell Collection in Pollock Park, Glasgow

As you enter the gallery the character is strong and simple. High stone walls, a low bridge and then the drama of the great glazed courtyard which reveals all the elements of the architecture. Here the concrete columns, wooden rafters and Dumfriesshire stone are the surroundings for the reconstructed rooms from Burrell's home, Hutton Castle. It is a tribute to the high quality of architecture that these reconstructed rooms, although they contain wonderful things are the dullest part of the whole museum. In the centre of this court with its pink and white chequer-pattern floor stands the collection's most recent acquisition—the Warwick Vase—that once stood in Hadrians Villa.

By some curious error of judgment this great work of art is surrounded by six ficus trees—the sort of indoor tree that grows so well in airport lounges—they should be removed forthwith. It is possible at this point to do two kinds of tour. It is easy to be lured towards the constant glimpses of the woods and take a circular tour around the periphery. Or you can plunge into the darker intriguing labyrinth of inner rooms.

My colleague William Packer will write tomorrow about the collection and its history, here there is only space for some architectural observations. First, the materials are a pleasure. Pinkish stone, Portland stone—beautifully detailed at floor, skirting and showcase level, laminated timber beams for the striking roof, and the only visible concrete the smooth shafts of the columns. All surfaces are hard, the only exception being an occasional stretch of grey carpet. Show cases are simple with chrome detailing adding an agreeable sparkle.

There is a lot of glass, which means a lot of blinds to adjust, but the benefit is the glory of natural light wherever possible.

I may be alone in not liking the way the stained glass is displayed. I feel it was intended to be seen in tightly-designed settings of stone — often as part of the total architectural experience. Here it hangs in front of the great glass walls and looks like a line of beautiful translucent washing. I am sure it was right to see it against natural light but the result is not happy. To chose to display the armorial glass like a row of suburban window lights in the restaurant is the only other major error of taste — I found this quite shocking and dismissive of the quality of the glass.

The architecture is recessive but beautifully detailed — it works best in combination with nature. I thought the sight of the Ming ceramic lohan against the mud and leaves of the woods was a moment of insight about the nature of art. Often you are forcibly reminded by a visual jolt that objects, architecture and paintings have a meaning beyond themselves — and that is a great and rewarding achievement for the architect. I liked the tomb-like cabinet for the display of Mesopotamian seals. The rood figures and angels from a church roof are all shown at the right height, and good Islamic carpets are shown flat on the floor as well as on the walls.

Glasgow is fortunate indeed to have this collection and there is no doubt that Barry Gasson's building in a controlled and careful way adds enormously to the experience of a visit to the Burrell. I feel the building's restraint works well for three-dimensional objects, the architectural fragments and the ceramics are particularly enhanced. The paintings come off less well—even the Bellini and the Memling are not quite at home in such a large open-plan area. But it is a rewarding architectural experience—a successful integration of the collection, the gallery, and the comfort of the visitor.

The aesthetic thrills do not come from the architectural language of the building—but from the collection itself and that is how it should be. Sir William would have approved.

Music of Eight Decades

Andrew Clements

Abandoned by the independent symphony orchestras for their own Great British Music Festival, the second series under the banner of Music of Eight Decades is shared equally between the BBC Symphony Orchestra and the London Sinfonietta. It promises to be the stimulating mixture as before—commissions and British premieres alongside repertory pieces.

The BBC Symphony opened the series on Friday, at the Festival Hall. The conductor was to have been Michael Gielen, but earlier this week Michael Tebschnik—a rare visitor to the South Bank — was called in to replace him in an unchanged programme. Tebschnik began with a skilfully paced account of Schoenberg's *Verklaerte Nacht*, the slowness of the opening paragraphs suggesting Wagnerian proportions, the central climax intense, sharply focused.

There was similar concern for textural niceties in Ligeti's Requiem, which ended the concert. It remains its composer's most substantial and profound achievement, the opera *Le grand macabre* notwithstanding: nowhere else does he turn convention and expectation upon their heads in music of such transcendent beauty as in the four sections of this highly personal work. The BBC Singers and Symphony Chorus essayed the slithering, groping Introitus to magnificent effect, though they lacked some immediacy in the Kyrie. The pair of female soloists, Dorothy Dorow (another last-minute replacement) and Sarah Walker, were movingly beneficent in the final Lacrimosa.

Antigone/Cottesloe

Martin Hoyle

A stage production described as a "workshop" strikes an anticipatory chill: too often it implies the under-rehearsed or incompletely thought-out.

Against this staging of Sophocles' tragedy, jointly directed by Peter Gill and John Burgess, the first charge is groundless. Physically and verbally the chorus is well-disciplined. The performance begins literally with a bang: an attention-grabbing crash on percussion heralds Antigone and Ismene marching smartly downstage to launch their argument.

Alison Chitty's set breaks the black backdrop with a monochrome doorway with the mottled coarse-grained texture of a blown-up photograph. The sombre colours on stage contrast with Antigone's red dress —paradoxically, since she is obsessed with the rituals of death.

Red is the colour of resistance and revolution, its modern associations emphasised by the Forties-to-Fifties costumes. The trouble with a precisely drilled male chorus wearing what look like natty suits and trilbys left over from *Guys and Dolls* is that you expect them to burst into song. When each one carries a walking-stick can a soft-shoe shuffle be far behind?

Michael Bryant's Creon, sober executive suit relieved by crisp breast-pocket handkerchief, adds to the faintly trans-Atlantic feel by addressing his son as Hyman.

Barbara Flynn and Belinda Lang make convincing sisters, and only a real company could field such a strong supporting team as Alfred Lynch, Janet Whiteside and Basil Henson.

Francis/Greenwich

Martin Hoyle

Given Francis of Assisi's robust, no-nonsense appeal (plus animals), he provides surprisingly dull copy. Rossellini's old film is a piously humanistic ramble (pace neo-realist buffs); and now Julian Mitchell's sincere, good-hearted chronicle play scarcely reaches the heights of an imaginative school text-book.

Written in the neutral modern language of schools broadcasts, it recounts episodically Francis's career while adding nothing to what we imagine of the man. A promising opening when the saint describes his conversion in terms of a rapturous pantheism gives place to a list of his mainly administrative struggles, less with the understanding church hierarchy than his own deputies: a sort of Yes, *Minister of Grace*.

As one of the few writers who convincingly illustrated, in *Another Country*, the relationship between sexual identity and political awareness, Mr Mitchell is disappointingly superficial in his treatment of all-consuming faith. Our first glimpse of the newly-formed order, all hearty hugs and waving of clenched fists, recalls a triumphant football team momentarily over Sister Moon.

After Francis disowns his father the first half is almost devoid of dramatic tension. There are whooshing sound effects as the birds depart from their first sermon. Eventually St Clare is mentioned casually as a *fait accompli*—without background, explanation or hint of any relationship. This is a radio serial in short episodes; historical telegraphese getting the salient points over without elaboration.

Mr Mitchell falls into the novelist's trap of stating without illustrating. In Act 2 we are told we are in Syria. The Crusades are mentioned. Nothing in writing, acting or direction gives any feel of time or place.

As the excessively wordy evening progresses at its unvarying pace, the actors occasionally lapse into the jerkily concentrated delivery of those whose top priority is to get their lines out accurately.

Kenneth Branagh carries the piece manfully, whether unsoppily joyous or snarling from his hermitage at those wretched brothers who fail to live up to his ideals. He also ages with the passing years, a process to which his loyal brethren and the rather smugly pi St Clare are immune.

Iain Mitchell's puzzled friar displays a quizzical intelligence; and Anthony Bowles' musical direction evokes splendidly polished singing from the cast. David William's production ultimately opts for the emotive image when the dead Francis, stripped, with stigmata exposed, echoes Christ's deposition from the Cross. The ensuing canonisation—blaring brass, waving banners and ecclesiastical sumptuousness—is pure Hollywood. From the promising team of Mitchell, Branagh and St Francis, this disappointment leaves one as sick as Brother Parrot.

Makarova/Covent Garden

Clement Crisp

For all its Russian-ness of Turgenyev plot, distant birch trees, midsummer *ennui* in the depths of the provinces, Ashton's *A Month in the Country* is very English. The play, part tragedy, part farce, has undergone a North Sea change, so the ballet's characters seem neater, blander than their dramatic originals, and Gloucestershire looms nearer than Moscow.

There is something here of that intriguing difference between Chekhov as given by the best London casts and as shown by the Moscow Arts Theatre: British charm soothes the emotional sharpness we sense in Russian performance. Placing so essentially Russian an artist as Natalia Makarova in this gentler world, as happened on Friday night when she appeared as Natalia Petrovna, is to suggest disturbing currents of authenticity beneath the accepted Covent Garden view of the character and her place in the ballet.

Makarova plays Natalia in high Russian style. A couple of years ago when she first essayed the part, this 'truthfulness' to the Russian text seemed less obvious; on Friday night the focus of the ballet, its emotional atmosphere, was dominated by her extraordinary persuasive portrait of a woman capricious, impulsive and, withal, utterly sympathetic. It was a bravura performance. From the first moment when we saw Natalia Petrovna leaning back on her chaise longue, a prey to gusts of feeling, of swiftly passing interest, and corrodingly bored, consciously gracious and unconsciously cruel, the character lived. In presentation it was flamboyant; the mistress of the action. Makarova showed this with an intensity that galvanised and dominated her household. Her relationship with Rakitin — Derek Rencher customarily plays this slight role of *cavaliere serrente* with winning elegance—suddenly seemed to matter, and Mr Rencher responded with a more powerful and explicit reading than I have seen him give before, so that his discreet passion for Natalia Petrovna was seen as important to him.

The lightning changes of mood in Natalia's scenes with Vera (Koren Paisey an ideal ingénue) conveyed the older woman's angry realisation of her sexual rivalry with the girl, and Makarova's gaze as she smoothed the distraught Vera's head after Vera has avowed her feelings for Belyayev, was marvellous, revealing, both of temper and of compassionate understanding. The deepening of the emotional tone in the scenes with Dowell's magnificent Belyayev — self-doubt matched with self-indulgence—found the dance pure, very concentrated in its rise and fall, and in the exquisite curves and feathery *pas de bourrée* as Natalia is guided over the stage by Belyayev. And at the last, her pose—hands fallen to her sides as the curtains close—is a most touching stroke, the character unsullied by caprice or deception, and it crowns Makarova's interpretation. I would urge anyone interested in the play, as in the ballet, to see her performance.

Hampstead Theatre director appointed

Michael Attenborough, artistic director of the Palace Theatre, Watford, has been appointed director of the Hampstead Theatre. Mr Attenborough, who has been artistic director at Watford for four years, takes up the post in February.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 28 – Nov 3

Music

LONDON

Philharmonia Orchestra, conductor Riccardo Muti, Radu Lupu piano: Schumann, Bruckner. Royal Festival Hall (Mon) (928 3641)

Andres Segovia guitar recital. Barbican Hall (Mon) (638 8891)

Royal Philharmonic Orchestra, conductor Yuri Temirkanov, Katia and Marielle Labeque, pianos. Walton, Gershwin, Dvorak. Barbican Hall (Tue) (638 8891)

Jerusalem Symphony Orchestra, Gary Bertini conductor, Ida Handel violin; Ami Mayani, Bruch, Mahler. Royal Festival Hall (Tue) (928 3641)

Aquarius Singers, conducted by Nicholas Cleobury. Enesco, Peter Paul Nash, Tippett, John Buller, Lord Berners. Queen Elizabeth Hall (Tue) (928 3641)

Philharmonia Orchestra, conductor Riccardo Muti, Anne Sophie Mutter violin. Wagner, Hindemith, Dvorak. Royal Festival Hall (Wed) (928 3641)

London Mozart Players, conductor Jan Pascal Tortelier, Nina Milkina piano: Mozart, Bach, Haydn. Queen Elizabeth Hall (Wed) (928 3641)

London Ensemble: Lutoslawski, Ferneyhough, Webern, Christopher Fox, Ligeti. Purcell Room (Wed) (928 3641)

Zukerman-Karr-Lewis Trio: Bach, Rameau, C.P.E. Bach, Haydn and others. Barbican Hall (Wed) (638 8891)

BBC Symphony Orchestra, conductor Bernard Haitink, Gyorgy Pauk violin, Paul Crossley piano: Berg, Schubert. Barbican Hall (Thur) (638 8891)

London Symphony Chorus and Orchestra, conductor Richard Hickox, Lambert, Elgar Cello Concerto with soloist Robert Cohen, Walton's Belshazzar's Feast. Royal Festival Hall (Thur) (928 6891)

Wolfgang Manz, piano: Beethoven, Chopin. Queen Elizabeth Hall (Thur) (928 3641)

The London Ragtime Orchestra, Ray Smith piano, Dick Cook clarinet: Scott Joplin to Jelly Roll Morton. Purcell Room (Thur) (928 3641)

BRUSSELS

National Opera Symphony Orchestra conducted by Sylvain Cambreling with Martina Arroyo, soprano: Beethoven, Zemlinsky. Palais des Beaux Arts (Sat)

PARIS

Placido Domingo recital with Orchestra conducted by Garcia Navarro (Tue) Théatre des Champs Elysées (723 4777)

Paris Jazz Festival Sun Ra All Stars Big Band (Tue 2.30 pm and 8.30 pm) TMP-Châtelet (233 4444)

Aldo Ciccolini recital: Chopin, Liszt (Wed) Théatre des Champs Elysées (723 4777)

String Sextuor of the Orchestre National de France: Schonberg, Strauss. Paris String Trio: Juan Guanjoan, Beethoven (Wed) Gaveau (563 2030)

Nouvel Orchestre Philharmonique conducted by Friedemann Layer, Radio France Choir: Händel's 'Alcina' (Wed) Radio France Grand Auditorium (524 1516)

Orchestre de Paris conducted by Luciano Berio, Bruno Canino, piano, Antonio Ballista, piano: Berio, Gabrielli/Maderna, Frescobaldi/Ghedini (Thur) Salle Pleyel (563 8873)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Aurora Natola-Ginastera cello, Kathleen Battle soprano. Bach, Ginastera, Webern, Mozart (Tue); Zubin Mehta conducting, Rudolf Buchbinder piano. Webern, Beethoven, Strauss (Thur). Lincoln Center (874 2424)

Philadelphia Orchestra (Carnegie Hall): Klaus Tennstedt conducting. All Bruckner programme (Tue) (247 7459)

Benny Kim, violin recital (Kaufmann Hall). Bartok, Beethoven, Ravel, Kreisler, Sarasate (Tue). 92nd & Lexington Av. (427 4410)

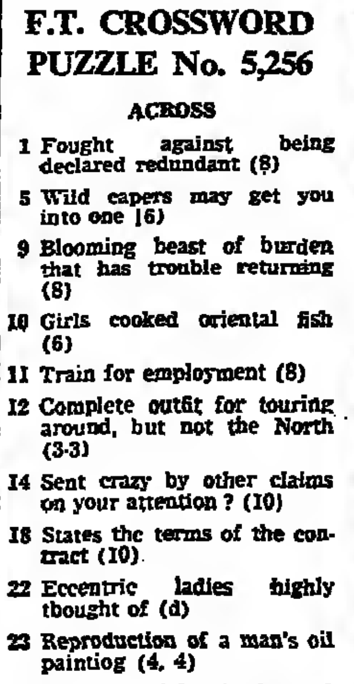
CHICAGO

San Francisco Symphony (Orchestra Hall) Edo de Waart conducting, Heinz Hollinger oboe. Mozart, Sessions, Rachmaninoff (Tue). (435 8111)

Chicago Symphony (Orchestra Hall): Rafael Kubelik conducting. Handel, Britten, Ravel, Roussel (Thur) (435 8111)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Andre-Michel Schub piano. Kalomiris, Mozart, Lully, Debussy (Tue, Wed, Thur) Kennedy Center (254 3776)



Mstislav Rostropovich: at Washington National Symphony

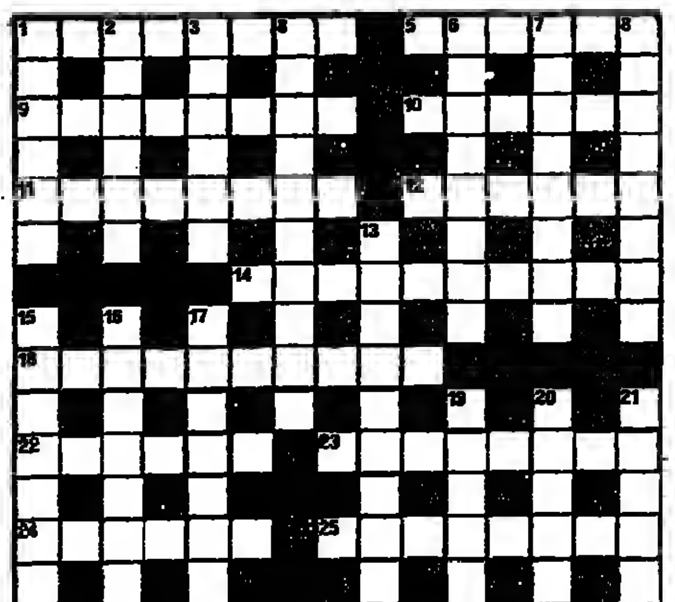
ZURICH

Janacek Philharmonic Orchestra/Prague Philharmonic Choir with Natalia Romanova and Pavel Kamas, soloists: Brahms's Requiem Tonhalle (Mon) (471 600)

Tonhalle Orchestra, conductor Myung Whun Chung, Christoph Schiller viola: Mozart, Bartok, Rimsky-Korsakov. Tonhalle (Wed) (201 1580)

Elisabeth Leonskaja piano: Schumann, Schubert, Mussorgsky. Tonhalle (Thur) (201 1580)

F.T. CROSSWORD PUZZLE No. 5,256



ACROSS

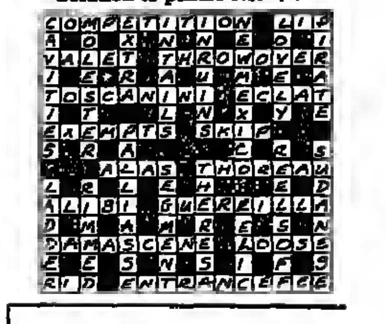
1 Fought against being declared redundant (8)
5 Wild capers may get you into one (6)
9 Blooming beast of burden that has trouble returning (8)
10 Girls cooked oriental fish (6)
11 Train for employment (8)
12 Complete outfit for touring around, but not the North (3-3)
14 Sent crazy by other claims on your attention ? (10)
18 States the terms of the contract (10)
22 Eccentric ladies highly thought of (6)
23 Reproduction of a man's oil painting (4, 4)
24 Have regard for the future ? (4, 2)
25 Great frolic on the carriage (8)
26 Girl is bringing back an earthy pigment (8)
27 It may be simple to engage one's attention (8)

DOWN

1 Possibly score a hundred in football (6)
2 He painted one of the Cinque Ports (6)
3 A form of assurance (6)
4 The demon drink ? (4, 6)
6 and 20 The best quality of a high churchman ? (8, 6)
7 Variety of confectionery ? (3, 5)
8 Slack water at dusk (8)
13 Loud note, strain to get it (10)
15 Greek hero is sick, gripped by pains (8)
16 Bet a long striding gait is natural to it (8)
17 Built-up area of urban development (4, 4)
19 One likely to use a club—a London club (6)
20 See 6 down
21 It's lucky mother's gone to bed (6)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Solution to puzzle No. 5,254



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Monday October 31 1983

New strains for Nato

THE SECURITY of western Europe ultimately depends upon the U.S. today as much as it did wben Nato was founded. There, in a nut shell, is the case for Nato's twin track decision to deploy cruise and Pershing II missiles this year unless the Geneva talks lead to an agreement with the Soviet Union limiting the number of these weapons, and of Soviet SS20s, in Europe.

This is the thought that sbould be uppermost in the minds of MPs at Westminster today wben, once more, they debate the issue of these Euromissiles. The Government would never have found it necessary to call for that debate if recent events, especially the U.S. invasion of Greneda, had not raised world-wide donbts ebont the condnct of U.S. policy. The case for greater and more meaningful consultation within Nato is unanswerable. But it Is a case for closing ranks, not for allowing Washington and the Europeans to drift further apart.

The twin track decision was taken, primarily on the insistence of Herr Helmut Schmidt, then the West German Chancellor. Herr Schmidt was afraid that the presence of SS20s in eastern Europe, with no equivalent available to the West, could interrupt the pattern of deterrence at a crucial point. If in case of war the Soviet command were to unleash the SS20s and the only possible American response was to bit back with intercontinental missiles, Washington might draw back. Deploying tha Western missiles would close that potentially dangerous gep.

Divide the allies

Only by being forearmed for every possible step in the escalation of conflict can the West ensure that deterrence remains credible. And only if deterrence remains credible can it serve its purpose of making unlikely the outhreak of war and its escalation from conventional conflict to nuclear holocaust.

Soviet strategy in the run-up to the Geneva talks and at the talks themselves has faithfully mirrored Herr Schmidt's fears. The purpose bas been to divide the European allies from Washington and, at the same time, to divide the western European peoples from their governments which have adhered to the twin-track decision.

With its particular impact on Britisb sensitivities, the U.S. invasion of Grenada has provoked new denmands for some form of "dual key" system which would give the British Government a physicat ability to block the launch of U.S. cruise missiles based in Britain. Thare is inconsistency between sucb an idea and the foregoing rationale for deptoying the new U.S. nuctear weapons in Europe: one starts with an attempt to bind an ally in, and then insists on hinding his hands. It is also hard to believe that the deterrent effect of cruise missiles would be as great with two keys to turn, or that the UK would be immune to Soviet retaliation if Western weapos were first fired from somewhere else. But tha most powerful argument against dual key is that it is essentially a device which does not go to the heart of the underlying problem.

Mr Pierre Trndeau, the Canadian Prime Minister, last week hit off the doubts and fears of many Europeans, not only about Washington, but also about Moscow. He spoke of a super-power relationship that was dangerously confrontationat and a widening gap between military strategy and a rational political way of handling East-West relations. He deserves encouragement for his attempt, as he put it, to assert the pre-eminence of the minds of men over the machines of war.

But at the same time Mr Trudeeu unequivocally re-endorsed Nato's twin track decision. Soviet tactics have made it evident that Moscow will make no significant concessions until It knows that it has failed to keep them out at no price to itself.

The calls for dnel key are symptoms of the need for the European countries of the NATO alliance to re-examine together whether their view of East-West crisis management is still compatible with that of the U.S.

The Grenada crisis is a nudge not towards make-shift devices to accomodate mistrust between allies, but towards the emergence of a more coherent and therefore more powerful European point of view in Nato consultations.

Protectionism in world shipping

DEVELOPING countries are determined to build up and protect their liner shipping fleets, principally by reserving to their national carriers a specified proportion of imports and exports. This tendency, which so far applies only to liner shipping (regular, scheduled services carrying mixed cargoes), is deplored by the industrial countries but they can do little to prevent it. The practical question is how to reach a compromise with the developing countries while preserving as far as possible freedom of access to the world's trade routes. This requires a co-ordinated approach between the U.S., whose shipping policies hava long been a source of friction among its trading partners, and Western Europe and Japan. Another attempt to achieve such co-ordination is being made at a meeting of officials starting in London today.

This month, the United Nation's code of conduct for liner conferences, drawn up by the UN conference on trade and development in 1974, finally came into effect. It had been ratified by countries accounting for more than 25 per cent of the world's liner shipping. The code is intended to sbare out conference trade on a 40-40-20 hasis — 40 per cent for the shipping lines at either end of the route and 20 per cent for cross-traders. Non-conference lines, which bave greatly enlarged their share of the business in recent years, are not covered by the code. But there are fears that some developing countries may extend the cargo-sharing rules to cover *all* trade, in which case, opportunities for the independents will be reduced or eliminated.

Bilateral deals

Member countries of the European Community agreed in 1979 on a modification to the code, known es the Brussels package, whereby 40 per cent of conference trade with a developing country would be reserved for thet country's lines. but the balance would be open to normal competition among all lines within the Organisation for Economic Co-operation and Development. In eddition, trade between OECD countries would be subject to no restrictions. But an essential condition was that no OECD country would hreak ranks and adopt protectionist measures for its own lines. The biggest anxiety has been that the U.S. would go its own way and find bilateral agreements with developing countries, thus freezing out third country carriers.

The Americans have refused consistently to ratify the UN code, arguing that it discriminates against their own shipping. Although the U.S.-flag fleet is small relative to the size of the country's trade, it bas a substantial stake in liner shippings. Some companies, operating outside the conferences, are eager to enlarge their cross-trading business, but they may be tempted by hilateral deals which give them a protected position on U.S. trades.

Western Europe and Japan, organised in the Consultative Shipping Group (CSG), are trying to persuade the Americans thst the Brussels package offers the best prospect of resisting protectionism. Detegates from the CSG and the U.S. will try this week to tia up an agreement which gives the Americans the safeguards they want. The aim is s reciprocal commitmentment to maintain competitive access to one another's trades. Both parties would jointly resist any attempt by third countries to impose restrictions. If the resistance failed and a particular route was closed to non-conference lines, U.S. carriers might be permitted to enter the relative conference and so participate in the trade.

Prospects for an agreement this week are complicated by the profound distrust among European shipowners of U.S. shipping policy, combining as It does protection for U.S.-flag carriers and vigorous opposition on anti-trust grounds to the conference system. Some critics suggest that a reduction in U.S. protectionism is at least as importent as a co-ordinefed response to the developing countries. Nevertheless, only the second item is on the agenda this week and it is important that a compromise sbould be reached. Without It, wortd shipping may sink into the morass of bilateralism, protection end government reguletion which bedevils the world airline industry.

NEXT MONTH Mrs Margaret Thatcher will be the star guest at a rather special aircraft show In London.

In an exercise in industrial lobbying whicb could prove crucial for European efforts to chaltenge the U.S. in civil aircraft manufacture, British Aerospace will be serving up a detailed presentation of the planned four-nation project tn build a new European Airbus, the 150-seat A-320.

Industry executives' nerves will be quivering at the thought of bow Mrs Thatcher reacts—and not just in the UK. Aerospatiale in France and West Germany's Messerschmitt-Boelkow-Blohm, which together with CASA of Spain are the other shareholders in the Airbus Industrie consortium, are looking for firm backing from Britain to allow the much-delayed A-320 project to get under way.

Signals will also be picked up attentively in government chancelleries in Bonn and Paris—and will spread as far afield as Seattle, headquarters of the world's dominant aircraft manufacturer, Boeing.

Mrs Thatcher will have a decisive influence on the UK Government's decision, expected within the next few months, on whetber to grant British Aerospace up to £400m to support UK participation in the A-320.

This is not just one of the largest industrial development decisions of the Conservatives' tast 4½ years. On It may also depend the fate of tha severat billlon dotlars (much of it funded, directly or indirectly, by the taxpayer) already put up by European countries over the last decade to finance aircraft collaboration.

At stake, according to Sir Austin Pearce, British Aerospace chairman, is "the fundamental question—does Europe want an aircraft industry of its own capatbe of being competitive, or does it want to become merely a sub-contractor to the U.S.?"

There is little donbt in France and Germany, the main shareholders in Airbus (see panet), that the A-320 sbould go ahead. But wben the green light will be given dapends cruciatly on decisions taken in London.

The project will require roughly $3bn (£2bn) over the rest of the decade, mainly from Government funds, to finance development and initial prodnction costs. Airbus Industrie is calling for the project to be firmly launched by the end of the year in order for the first A-320 to roll off the production line by spring 1988.

The A-320, which will offer considerable savings in fuel costs compared with existing aircraft, has been talked ebont for five years. But Its launch, originally scheduled for two yeers ago, has been put heck continuously because of the crushing recession in the world airline industry.

All the partners—inclnding Britain's Department of Trade and Industry, which has made an independent study of the aircraft's prospects—accept Airbus Industrie's thesis that a large market will exist for the A-320 from 1988 onwards, mucb of it stemming from replacements for ageing fuel-thirsty aircraft now in service.

The A-320 bas a total of 42 firm and 38 optional orders from Air France, Air Inter (the French domestic airline)—both controlled by the French Government—and British Caledonian. The BCal order, announced earlier this month, was easily the most significant and could act as a catalyst for further orders. It was the first independent airline to choose, on purely commercial grounds, the A-320 rather than rivals from Boeing and McDonnell Douglas.

But financial commitments to support the project have come so far only from the French Government, whicb traditionally has played the leading role in spearheading Airbus and has already put up FFr 300m (£25m) in A-320 development costs. The Bonn Government, like the British, is still agonising over whether to put up funds, end is dne to discuss the matter at Cabinet level next month. The need for a decision is pressing.

"We heve already waited a long time. We cannot wait any longer," says Herr Rolf Siebert, chief executive et Deutsche Airbus, now a 100 per cent subsidiary of MBB, which is the German shareholder In Airbus.

"If we don't leunch the A-320 before around the end of the year, we will never launch It," says M Michel Lagorce, director of civil aviation programmes at the French Ministry of Transport.

"If we don't get launching aid, we won't be in the A-320," says Sir Austin of British Aerospace—which has already put up £12m of its own money to help develop the project. "And the company will slide out of the large-scale civil aviation business."

Sir Austin stresses the launch aid request—like all the cash put up by European governments to support every Airbus programme—is for a deferred interest loan. The £400m would be paid out over the rest of the decade, not in a lump sum. "The money is not a subsidy or a free gift. We will pay hack the loan, with interest and profits, during the 1990s."

This target may, bowever, represent only pious hopes. Since the UK set np launch aid in 1949, officials say the Government has had a "less than satisfactory" return on aircraft support.

Officials at the Department of Trade and Industry believe that the project will have to be settled within the next few months. They are drawing up a lengthy dossier on the launch aid application, which is atmost certain to recommend, albeit in cautious terms, a positive response. It is due to be considered by ministers in December. But partly because of Treasury public spending concerns, it is by no means certain that British Aerospace will get all the money it is seeking.

All three governments face, to a greater or lesser extent, a number of dilemmas, sharpened by the downturn in world airliner sales.

On the one hand the downturn has bitten deeply into orders and production of the existing range of wide-body Airbuses (the 250-passenger A-300 and the newer 220-seat A-310). This has increased short term losses and swollen financial risks.

On the other hand, the recession has underlined that Airbus must increase its range of airliners. The narrow-body A-320 is the logical addition.

In recent weeks Boeing has been able to clinch key orders—from the Australian airline Quantas, for example—because it has greater flexibility to offer deals, involving cut prices and second-hand trade-ins, over a range of several types of aircraft.

The key Government dilemmas are:

Industrial policy: none of the three governments—especially London and Bonn, being most ideologically committed to free markets — dispenses money lightly on building up industrial sectors. But Europe faces a choice. Either it supports its aircraft industry with budgetary cash now, in the hope of returns, or at least repayment of development costs, over the next 10 to 20 years. Or else it allows Boeing, which has profited itself from considerable direct and indirect U.S. government support over the years, to build up a monopoly—a position equally unwelcome to free-marketeers.

"The A320 is not a political aircraft and it should be launched not with subsidies, but with commercial orders," says Herr Martin Gruener, the state secretary at the Bonn economics ministry who is in charge of co-ordinating German policy on the Airbus. "But the U.S. industry receives large-scale military orders from the American government which provides it with quite different financing possibilities compared with European companies."

Boeing claims to be untainted by government support. It launches regular broadsides against Airbus subsidies. But the company admits that it built up its post-war jet airliner success—vital for financing later production runs—partly with government help.

Timing: There is no dispute that the market for the A-320 exists. According to the independent British Government study, carried out with the aid of seconded businessmen and mathematical forecasting models, the overall market for planes of this size is about 3,500 over the next 20 years or so. This is much in line with the estimates of Airbus Industrie, which believes it can attain a market share of a third, the same as its share of the wide-body sector.

The difficulty is to pick the right date for the plane's entry into service. Complicating the forecasts, this time—unlike with the launch of the wide-body Airbuses—the Europeans are pitching into markets in direct competition with the U.S. Boeing and McDonnell Douglas are offering derivative aircraft, the 737-300 and the MD 80, in the same plane class. Boeing also threatens to bring in a new plane, the 7 Dash 7 to compete directly with the A-320, while McDonnell Douglas has a design for a MD-3300.

Employment: European companies lack U.S.-style flexibility to reduce workforces in response to demand slumps. Boeing has cut staff by 23,000—about 25 per cent—over the past three years. British Aerospace, Aerospatiale and MBB—which together employ about 25,000 people on Airbus programmes, and give sub-contracting work to many thousands more—are relatively over-manned. They urgently need the A-320 to maintain employment.

Overshadowing the employment question in the UK is the perennial debate over whether British aircraft companies would do better to collaborate with the U.S. rather than Europe. The UK Government shares the view of Airbus Industrie that a proposed multinational aircraft engine, the IAE-2500, to be built principally by Rolls-Royce and Pratt and Whitney, could be used to power the A-320. This could supplement the Franco-American CFM-56-4 engine which is the first choice.

Rolls-Royce is seeking about £100m in British Government launch aid for the IAE-2500. Ministers will study the dossier at about the same time as British Aerospace's application.

Britain will give the A-320 project its blessing if the Treasury is satisfied that the programme provides a 5 per cent real rate of return over its life of 20 years or more. Yet forecasts like this can clearly never be made with certainty.

Underlining the tricky role that judgment has to play, M Barbé of Aerospatiale says: "We don't want to launch this plane at any price. You need a professional approach. But a programme of this sort can hardly avoid risks."

Investing in a new Airbus

The dilemma that faces Europe

By David Marsh in Paris

The proposed A320 in British Caledonian livery and (right) A300s on the Toulouse production line

Glyn Genin

HOW THE AIRBUS PROGRAMME IS FINANCED

AIRBUS INDUSTRIE is owned 37.9 per cent each by Aerospatiale (French government-owned) and Deutsche Airbus (now a 100 per cent subsidiary of MBB, which has some important public sector shareholders and merged in 1980 with the VFW aircraft group); 20 per cent by British Aerospace (owned 48 per cent by the UK Government and 52 per cent by private shareholders following denationalisation in 1981); and 4.2 per cent by Casa (Spanish government-owned).

All Airbus sales are channelled through Airbus Industrie. It does not publish accounts. Because of huge development and production costs at the start of the aircraft-building programme, all shareholders have made losses from Airbus operations. The A-300/310 projects will not reach break-even until well into the 1930s at least; the A-320, until the 1990s.

● Aerospatiale carries production costs itself but receives loans from the French Government to cover development costs. It makes regular repayments, including interest, linked to Airbus deliveries. Of FFr 5bn (£419m) granted to the company, FFr 1bn has been repaid so far. This year the French Government is spending FFr 680m on Airbus development (including FFr 80m on the A-320).

● Deutsche Airbus has been granted DM 3bn (£767m) in long-term government loans to help finance development. These are now interest-free and no repayments are scheduled until 1994. Government has also given guarantees to cover DM 3bn in loans raised from banks to help cover production costs. MBB also commits its own funds. Out of DM 1.2bn sought for A-320 development (to be repaid in 1996), MBB may have to put up 15 per cent itself. This year's Bonn Budget cost of the Airbus programme is DM 330m.

● British Aerospace, which joined Airbus as a formal shareholder only in 1979, claims to have invested £400m of its own funds in the programme. Only direct government support has been the $50m "entry ticket" paid when it joined. But BAe, like Aerospatiale now, was given indirect government aid for Airbus while nationalised during 1978-81.

Men & Matters

Can opener

Gerald Tsai is at it again. The Shanghai-born Wall Street whizz-kid whose reputation took a battering in the late Sixties when his mutual fund, Manhattan, fell apart, has just arranged for American Can where be is now vice-chairman, to acquire G. Tsai and Company, his small Wall Street brokerage firm.

Tsai joined American Can as an executive vice-president in April last year after persuading the U.S. packaging giant to start a massive diversification programme into the financial services industry, starting with the acquisition of Associated Madison, the insurance company which he built up and ran.

The Associated Madison acquisition cost American Can $127m in cash and shares and mada Tsai, American Can's single largest shareholder, owning around 600,000 shares worth about $25m at current market prices.

The acquisition of G. Tsai and Company will add a further 87,209 American Can shares worth around $3.8m to Tsai's holding.

Aside from making Tsai even richer, the deal will also strengthen American Can's push into the financial services industry. Since joining the company, Tsai has spent $450m acquiring two life insurance companies for American Can, paid $38m for American General Capital, a mutual fund group, and $55m to acquire e 7.5 per cent stake in Paine Webber, one of the few big independent Wall Street brokerage houses left.

The strategy seems to be paying off for American can. In the first six months of the year its financial services group, led by Tsai, contributed about 46 per cent of its $48.9m in earnings. It also appears to promote Tsai's publicly acknowledged ambition to become American Can's chairman.

Since being made vice-chairman in June, Tsai has been lined up against American Can's president, Frank Connor, in the race to take over the top job when William Woodside, the 61-year-old chairman and chief executive, retires.

Fire-brand

Vancouver artist, Toni Onley, aged 54, is issuing invitations to a bonfire party at his home. It will be quite an expensive affair. He intends to consign to the flames about 1,000 of his prints worth about C$1m.

It is not that Onley has become dissatisfied with his work. His quarrel is with the Canadian tax man over the status of the artist.

As the law is interpreted there at present, artists are classed as manufacturers. Onley has been asked for an inventory of his unsold prints so they can be assessed for tax purposes.

Rather than pay tax on every print he owns be intends to burn about half his stocks—it will be cheaper than going to court he calculates.

Clan gathering

For the first time this century, says Scottisb Secretary George Younger, Scotland seems to bave come through an economic blizzard rather better than other parts of the UK.

If so, it may owe something to the gathering he was addressing on Friday — 180 Scottish industrialists, bankers, trade unlonists, civil servants and local government members.

The Scottish economy is still self-contained enough to get its industrial establishment under one roof. And as snow dusted the tops of the Gramplans and holidaymakers in ski-hats played video-games machines nearby, the industrial clan chiefs gathered et Aviemore at the end of last week.

It was the 14th year that such a meeting had been held—giving a thorough airing to the region's problems and providing an effective lobby for their solution.

Since the Scottish Develeopment Agency took over its original industrial promotion function, the gathering has other activities, like organising export missions.

But despite growing self-confidence, the Scots are still not ready to do without the protection of the Government's regional aids, it emerged.

Their extra distance from European markets and what they see as an in-built prejudice in favour of south-east England need to be balanced, they say.

In passing

From the Irish passport application form:

"If you were born in Northern Ireland on or after the 6th December, 1922, and none of your parents or grandparents was born in the rest of Ireland after that date or In any part of Ireland before that date, you will need to complete an additional form . . ."

And for those who do not understand English, an Irish version of the form is available on request.

Safety lock

"Are you here for the lock up?" asks the U.S. government official ominously. No, the scene is not a sun-drenched beach in Grenada but a Kafkaesque corridor In Washington's Commerce Department early on a brisk autumn morning.

And as my reporter found, the "lock up" in question is one designed to stop the stream of embarrassing leaks of the latest economic data which has accompanied almost all the important Commerce Department announcements in the past few weeks.

Apart from calling in the Federal Bureau of Investigation, the Government decided last week that the prime suspects—the journalists who are given the information half an hour early to prepare their reports—should be locked in the press room and forbidden to leave until the first figures are chattering over the news wires.

As a further precaution, the release time has also been moved from mid-morning to 8.30 am. Journalists are notoriously lete risers at the best of times and do not take kindly to such impositions.

"The Chicago futures markets are open at 7.30 am Central time," a Department official mutters. Is that a threet? If so, and if it really is the journalists who ere the source of leaks, it could be mode effective than all the G-man pnt together. Central time is two hours hehind Washington — and a few reporters would want to be "locked up" at six o'clock in the morning, even if the Department serves tasty pastries and coffee.

Don't call us . . .

In Geneva this week the wonders of high communications technotogy are thrilling the assembled world delegates to Telecom 83, a convention organised by the Interoational Telecommunication Union.

But their hosts, the Swiss, set much store by the good old ways. The FT men at the conference was surprised to discover there were no telephones in the Press room. Surprise turned to disbelief when be found it is not technically possible to make an International reverse charge call from a Swiss telephone booth.

Acting on advice from the authorities he ended up 'phoning his story from Geneva railway station—one of the few links between that mountain fastness and the outside world.

Observer

INFLATION ACCOUNTING

Back in the melting pot

By Barry Riley, Financial Editor

JUST WHEN you thought it was safe to forget about inflation accounting, the whole notorious subject is about to come to the boil once again.

For the fourth time in little more than a decade the accountancy profession is trying to answer the problem of how to allow for the effects of inflation. The signs are that the subject remains as intractable and controversial as ever — the only saving grace being that an inflation rate of around 5 per cent takes a bit of the heat out of the arguments. Unfortunately, inflation is beginning to accelerate again — if only slowly.

The secretariat of the Accounting Standards Committee, the profession's body which sets the rules under which accounts are drawn up, is preparing to draft the successor to the existing current cost accounting standard called SSAP 16, introduced in 1980.

Proposals should be ready for consideration by the committee at its regular monthly meeting on November 30. There could be another opportunity to discuss the subject in December. From then on the debate will continue in the public arena, because the committee is to publish a formal exposure draft in January.

In the normal way, a period will then be allowed for full public discussion, leading in due course to the publication of "son of SSAP 16."

In considering the exposure draft, the committee will be guided by a large number of submissions and research documents. Analysis has been the responsibility of the inflation accounting sub-committee, headed by Mr Stanley Thomson of Ford Motor.

Perhaps the most important document received has been the report of the current cost accounting monitoring working party, a final version of which was published last month. The working party, recently chaired by Mr Tom Neville, finance director of Vickers, included several users and preparers of accounts, and undertook a wide investigation of the implementation of SSAP 16 and responses to it.

The working party, not surprisingly, found there was considerable opposition to SSAP 16. There was particular objection to the practice of companies producing two sets of accounts, which threatened to bring the accountancy profession into discredit. Few companies or users of accounts appeared to make substantial use of the information, at least in the form that it was published. And the current cost balance sheet was regarded as misleading, in that users might mistakenly believe that it showed the current value of a company's assets. Finally, small businesses were almost unanimously opposed to SSAP 16 being extended to them.

Accordingly the working party proposed substantial changes to SSAP 16. But its members insisted that some sort of adjustment of accounts to reflect changing prices was essential to comply with the requirement in UK company law for accounts to give a true and fair view.

The working party suggested that SSAP 16 should be amended so that effects of changing prices must be shown when they are material and that the standard should apply to all companies, not just large and listed ones as with SSAP 16. But different methods of calculating the effects of changing prices should be permitted. No adjusted balance sheet should be required and historical trend information should be adjusted by the Retail Price Index.

This approach represented both a relaxation and a tightening of the terms of SSAP 16. On the one hand, companies would have flexibility in making adjustments, and need not show an adjusted balance sheet. However, an adjustment would have to be shown in the main profit and loss account, and small companies would be drawn into the net.

At the beginning of last month the committee's chairman Mr Ian Hay Davison attempted to "sell" the idea of an inflation accounting standard to an audience of small businessmen, and in doing so triggered off a renewed spate of controversy.

"We are not talking about a standard that even remotely resembles SSAP 16," he said. "The new standard itself will contain only the most basic and universal precepts." He envisaged that companies could "employ a method which is appropriate to their particular circumstances and activities."

When this subsequently generated complaints from users of accounts that the standard was being dangerously diluted, Mr Davison made a statement arguing that he had been misunderstood.

He said his remarks had been addressed to small companies. In his speech he had also said, "More detailed rules, suitable for larger companies, will be found in guidelines that are not intended to be applied across the whole range of companies large and small."

So would there be effectively both a small company standard and a big company standard? Apparently not, for Mr Davison had also said, "I find it indefensible that on this most important matter we should have one standard of measurement for large companies and another for small companies."

These contradictions reflect the fact that Mr Davison is fighting a delicate battle in business politics—something confirmed by the frequent hostility of the submissions that have been received on the monitoring working party's recommendations, about 80 in all.

A few examples give the flavour. One of the biggest accounting firms, Price Waterhouse, considers that it would be "foolhardy" to try to extend the coverage of the standard while the working party's suggested simple method of showing the effect of changing prices for small companies "displays an astonishing lack of understanding of the problem."

It favours continuing with supplementary statements, as does another major firm, Touche Ross, which considers the proposal to bring small companies within the net as "perverse."

The London Society of Chartered Accountants claims that the committee's current approach to revising SSAP 16 is likely to "bring the accountancy profession further into disrepute in the eyes of the public." To allow companies a free choice of methods for accounting for the effects of changing prices would be "an abrogation of the Accounting Standards Committee's responsibility, as set out in its constitution, to narrow the areas of difference and variety in accounting practice."

The membership of the London Society—by far the most important district society of the English Institute—appears to be widely split on the subject of inflation accounting. A survey of the views of 1,200 members published last week showed that only a small minority — 22 per cent of respondents — is in favour of retaining current cost accounting as defined by SSAP 16.

Only 37 per cent favoured the use of different methods of adjusting for inflation—but there was no consensus on which method should be used. Two-thirds thought the adjustments should be shown in notes or a supplementary statement, rather than in the main accounts.

A further substantial report has just been handed to the committee's inflation accounting sub-committee in the shape of a research analysis by Professor Bryan Carsberg, director of research at the English Institute of Chartered Accountants, the largest and most powerful of the six parent bodies of the ASC.

Professor Carsberg used different techniques to the monitoring working party to find out what use is made of current cost accounts. His study is believed to show that CCA information is used considerably more than is often claimed by its opponents.

Only a few of the submissions to the inflation accounting sub-committee have concentrated upon technical arguments. In one of them the Institute of Cost and Management Accountants has proposed a combined system of specific and general price adjustments, heavily influenced by the well-known views of its president, Mr David Allen.

It is notable, however, that the committee's thinking appears to have shifted away from the endless arguments about current cost accounting, current purchasing power accounting and the obscurities of adjustments for monetary items and gearing.

Ten years of debate have shown that these issues are, apparently, unresolvable, but it is not yet clear that the committee will get away with sweeping them under the carpet of "flexibility."

The shift of the debate to more practical issues such as unified accounts and universality may reflect the substantial changes in the composition of the committee in 1982, when many more users and preparers were brought in, and the job of leading the inflation accounting programme was given to Mr Thomson.

Certainly Mr Thomson has been prepared to state his views strongly. "If there is one lesson to be learned for the future it is that when a successor to SSAP 16 is published it must apply to all entities even if different methods are permitted," he wrote in Accountancy Age last month.

He added: "It also seems to be nonsense to have two sets of accounts."

But many users are less concerned about presentation than about comparability. Mr David Damant, a stockbroker and former chairman of the Society of Investment Analysts, is trying to rouse City opposition to the principle of flexibility. But he admits that it is going to be hard to whip up enthusiasm among investment analysts for yet another round of the inflation accounting debate.

As the publication date for the new exposure draft draws closer, other interest groups are likely to be more easily roused. The big auditing firms, for instance, are likely to protest at the idea that companies can pick and choose methods of making inflationary adjustments.

Nevertheless the exposure draft is rapidly taking shape. Its key elements will include:

- A requirement that all entities reporting under the true and fair convention must report on the effect of changing prices where this is "material."
- Adjustments must be given in the main profit and loss account, probably below the tax line but before the figure for distributable profit.
- Companies will have flexibility in the method of adjustment, but large companies will have to follow guidelines.
- There will be no separate current cost balance sheet.

How such an exposure draft would survive months of debate, culminating in the drawing up of a final standard, is anybody's guess.

But according to one source close to the centre of the arguments, the really key issue is universality. "The more universally the standard applies, the more watered down it is likely to be."

A DECADE OF PROPOSALS

- **1972: ED 8.** A draft proposal for current purchasing power accounting.
- **1974: PROVISIONAL SSAP 7.** A finalised system of current purchasing power accounting, never made into a full accounting standard.
- **1975: SANDILANDS REPORT:** Report of Government-appointed committee on inflation accounting, chairman Sir Francis Sandilands. Rejected current purchasing power method and proposed a system of current cost accounting using specific price indices.
- **1976: ED 18.** Exposure draft designed to implement main proposals of Sandilands Report.
- **1977: HYDE GUIDELINES.** After ED 18 was rejected by members of the English Institute of Chartered Accountants, interim voluntary guidelines were published by the Accounting Standards Committee.
- **1979: ED 24.** Second attempt to produce exposure draft on current cost accounting.
- **1980: SSAP 16.** Full current cost accounting standard, implemented for an experimental three-year period.
- **Jan 1984:** A new exposure draft due to be published by the Accounting Standards Committee.

The signs are that the question of inflation accounting is as controversial as ever

Lombard

Queries on the Mansion House

By Samuel Brittan

The Chancellor's recent Mansion House speech was notable for its description of how monetary policy had evolved and for the hints about its future development. But there is a danger of discussion going straight into the pros and cons of the various types of monetary target and technique mentioned by Mr Lawson, without first examining the general strategy which these techniques are meant to serve. Until one knows what policy is trying to do, any discussion of the pros and cons of, for instance, a target for "very narrow money" takes place in a vacuum.

The part of the speech which revealed most was in an apparently throw-away section at the very end when the Chancellor suddenly referred to money (ie Nominal) GDP. It read very much as an afterthought, as if someone had said: "We had better say something about Money GDP, as some people are making so much fuss about it." Even so, it was, if unintentionally, most revealing.

Mr Lawson referred to "the behaviour of Money GDP, which approximates to total demand in the economy at the prices of the day." He went on: "The objectives of policy implied that the growth of Money GDP should gradually decline and that within that growth an increasing share should be accounted for by output growth and a decreasing share by inflation. This is exactly what has happened. And the course I have indicated for the years ahead should lead to a continuing gradual decline in the growth of Money GDP."

This quotation at once throws up a major criticism of Government financial policy. All the emphasis is on the downward movement of the growth of Money GDP. There seems little concern that a shortfall in Money GDP, and thus in total demand in the economy can be as bad as an overshoot. The word "gradual" does not sufficiently take care of these matters.

The 1944 Employment White Paper, which did not adopt a permissive policy towards inflation, rightly saw Government stabilisation as a matter of *maintaining* demand over a cycle and not just of cutting it in times of inflationary pressure.

The eventual aim of policy should surely be a growth of Money GDP, say of 5 per cent per annum, consistent with growth at a negligible rate of inflation. Once this stage has been reached the emphasis has to shift from gradual decline to steady growth. This is not quibbling. If the growth of money demand is too low, or falling too quickly, then the changes in wage behaviour required to support employment are unrealistically great.

So far from being a new concept, Money GDP is already used in almost every single study of the behaviour of money, although the fact is sometimes obscured by the use of synonyms such as "income" or "total money incomes."

When Mr Lawson referred to the case for a different target range for narrowly defined money to that for other aggregates be referred to the "trend velocity of non-interest-bearing money." However, he does not have to be told that velocity is only a concept which relates Money GDP to the quantity of money. An estimate (or better guess) about future velocity is only of use in determining objectives if the person setting them has some idea how he wants Money GDP, or "total demand in the economy" to move.

If you have some idea of how you would like total money incomes to move, you can, with the aid of a velocity estimate, set a monetary target with which you hope might achieve this. If you are unclear what you want Money GDP to do, then one monetary target is as good as another. Nearly all official monetary studies and most academic ones have related monetary growth to Money GDP and then gone on to discuss the split between output and inflation, as Mr Lawson did himself.

To revert to an analogy I used some years ago much of the technical discussion is on the question of which road will best reach a particular destination, eg Glasgow. It would be more logical to start by discussing where you want to go — whether Glasgow or somewhere else — before plunging into an argument about which route to take.

Letters to the Editor

Tax avoidance by the multinationals

From the Controller of the State of California

Sir,—As Controller of the State of California and chairman of the State Franchise Tax Board which administers California's unitary tax, I read with great interest your editorial of September 19 1983 and the correspondence it generated.

You are absolutely correct that the multinational corporations try to minimise their taxes by shifting income from one country to another. This gives them a great advantage over their smaller competitors who cannot minimise their taxes in this fashion and who have to bear the tax burden shifted on to them by these multinationals. The states and other taxing jurisdictions have neither the manpower nor the knowledge to catch these increasingly sophisticated tax avoidance schemes.

After all, who can really say what the arm's-length price ought to be in each of thousands of complicated transactions in a vertically integrated company? The Marc Rich situation leaps to mind as a rather glaring example of this problem.

Thus, as you point out, some states decided, rather than chase the will-o'-the-wisp of arm's-length pricing, they would allocate profits on the basis of a formula that reflects the economic reality of multinational corporations. It is a much simpler and far more effective means of insuring that these multinationals do not escape taxation.

While I agree that there are possibilities of abuse, we have sought from the companies for many years, so far unsuccessfully, concrete examples of unfairness. The reason they have not been able to present concrete examples is that the system provides ample administrative means of dealing with exceptional situations that might cause unfair results.

While I for one would be willing to support efforts to negotiate treaties that would establish the acceptable bounds for a unitary tax formula, I doubt the companies would be willing. For, if the effort were successful, these multinational companies would be unable to use tax havens to such advantage and would be forced to pay their fair share of taxes.

Kenneth Cory,
Sacramento,
California.

Cancellations of ENO performances

From the Deputy Managing Director of English National Opera

Sir,—Mr James Hardiman (October 22) is correct to be concerned at the cancellation of two of our performances last week, at very short notice.

However, it should be noted that the majority of our patrons were re-booked into future performances, and the management is examining ways of compensating for the loss of revenue.

We are, sadly, unable to make up for the inconvenience caused to a number of our patrons through the cancellation but at this time of financial crisis in the arts it is not our intention to ignore our responsibility to either the funding bodies or the taxpayer.

Mr Hardiman would appear to demonstrate a naive view of arts subsidy and in particular this Company's relationship with the grant authorities.

Richard Mantle,
London Coliseum,
St Martin's Lane, WC2

Assured tenancies

From the Small Landlords Association

Sir,—No-one advances false precepts with a higher tone of righteous indignation than Shelter (October 19). The assured tenancy scheme, as they well know, is available only to a few landlords. And even if almost all council house subsidies have disappeared, the facts are that council rents are vastly undercosted, averaging about £14 per week in 1982.

The complaint of the private landlord is not the subsidised competition from owner occupation and council housing. It is the fact that under the Rent Act "fair" rents are even lower than uneconomic council rents.

If Shelter cares about exploitation it will join us in our campaign for a fair balance between landlord and tenant. But no, the whole thrust of Shelter is to nail the private landlord even more firmly to the floor.

Shelter also seem incapable of distinguishing between housing problems and poverty problems. Genuine housing problems will never be put right if they are confused with other issues.

Geoffrey Cutting,
Small Landlords Association,
7, Rosedene Avenue, Streatham

Investment Income Surcharge

From Mr S. W. Penwill, FCA

Sir,—Those who write about the inequities of the Investment Income Surcharge seem to overlook the fact that investment income has been penalised for many years before the imposition of that tax.

This was done in a back-handed manner by giving a tax discount of 2/9ths on "earned" income. There was little outcry about it then, although the whole of one's earned income suffered.

This, of course, in no way diminishes the inequity of a penal tax on the individual who has saved all his life to keep himself in retirement and not to become a burden on others, including the State.

There is, of course, an exempt amount apparently representing the amount by which our bureaucratic masters think we should limit our savings, which limitation could be a direct disincentive to saving.

We should make it clear that we are not prepared to vote for any parliamentary candidate who will not actively support the abolition of this surcharge.

S. W. Penwill,
76 Shoe Lane EC4.

Equity market and inflation

From Mr C. J. Carlyle

Sir,—Readers of your Letters Page with elephantine memories may recall the observation of earlier this year that the equity market has a tendency to fall "during at least the initial months of every upswing in inflation." The year-on-year increase in the RPI reached its trough (3.7 per cent) in May/June while the All-Share Index topped 460 by June before staggering to 466 in August. It has since dropped to 427 (8.2 per cent off the high point) giving the most severe fall for two years.

With inflation "expected" to stabilise at around 6½ per cent per annum, the rise in the market's yield base to 5 per cent has now largely removed immediate pressure with much of the good dividend growth for 1983 still to work through.

However, the distinct lack of excitement over current 1984 forecasts of strong real growth in both the world economy and UK company profits suggests that either our market, at this level, will prove to have been cheap or, more likely, that the brooding problems of 1985 will bring about a return to negative dividend growth in real terms.

The latter possibility would not yet be adequately discounted, suggesting that, give or take the odd rally in prices, equity investment still looks a pretty dull proposition.

C. J. Carlyle.
22, Central Park,
Halifax HX1 2BT.

Airport noise

From Mr J. W. Boulton, chairman of the Heathrow Association for the Control of Aircraft Noise

Sir,—Unlike the chairmen of the Essex and Herts county councils (October 21) we welcome the British Airports Authority's efforts to promote a new airports policy for London. For more than 30 years people living in west London and around Heathrow have suffered from the untrammelled growth of Heathrow. A fourth terminal will (in 1986) add further burdens.

We would, however, agree with Essex and Hertfordshire that the Government has time to make a sound decision. Such a decision would look to the longer-term needs of the South East and provide adequate capacity for future growth. This is why the BAA is opposed to a fifth terminal at Heathrow.

A fifth terminal would not only be operational and planning nonsense but would be grossly inequitable for the people living round Heathrow who have already suffered more than their fair share of aircraft noise.

J. W. Boulton,
126 Kew Road,
Richmond, Surrey.

China's offshore oil

From Total Oil, Paris

Sir,—I refer to the article on China's offshore oil, "All Set for the Great Exploration" in the China Survey (October 19). We would like to make some comments on its references to Total, which has recently finished the first phase of its operation.

The ending of this phase is in accordance with the contractual commitments for the exploration stage. During it the partnership for which Total-Chine is operator went beyond its formal commitments and drilled 14 wells, more than the number specified in the contract.

The second phase, drawing conclusions from the initial exploration results, is now under way. Total is carrying out a technical study to appraise the value of the discoveries, in particular of the main find, Weizhou 10.3.

Completion of the exploration programme has resulted in the transfer of some of the drilling and related personnel to work of the same kind elsewhere. This is normal management procedure in the petroleum industry.

Philippe Laurence,
Total Oil Group,
Paris.

FINANCIAL TIMES

Monday October 31 1983

Terry Byland on Wall Street

Clearing the smoke screen

TOBACCO STOCKS have been playing possum since the announcement of highly successful trading performances in the third quarter of the year by the major companies.

But the relative lack of excitement in share prices since Philip Morris and R.J. Reynolds Industries announced their quarterly profits has to be measured against a particularly unsettled market background.

Stocks in the two cigarette monarchs – Morris, which produces Marlboro and Benson and Hedges cigarettes and Miller Beers, and Reynolds, maker of Camel, Winston and Salem – have held on to their 12 month peaks over a period which has seen the market as a whole turn easier in nervous trading, reflecting uneasiness in the bond markets and the events in the Middle East and the Caribbean.

Moreover, these 12 month peaks were achieved after significant rises in stock prices between July and September of 18 per cent for Philip Morris and 21 per cent for Reynolds.

The immediate response to the quarterly results, which comprised a record profit and earnings at Morris and a 21 per cent leap in earnings at Reynolds, suggest that the market was satisfied with the figures. So far, there has been little evidence of portfolio switching, so often a feature of the two stock prices.

But the sluggishness in share prices may also reflect preoccupation with what is beginning to look like a fundamental shift of opinion towards the industry and to the companies as well.

For, while both Morris and Reynolds came out slightly ahead of forecast for the quarter and Reynolds has already increased its quarterly payout, the profit figures will in both cases bear further scrutiny.

Net earnings

	First 9 months 1983	Full 1982
Philip Morris	\$692.1m (+14%)	\$870m
R. J. Reynolds	\$654m (−5.8%)	\$781.8m

Morris pushed earnings ahead by 14 per cent to a record \$2.27 a share for the quarter, establishing itself firmly as the newly crowned king of the U.S. cigarette market, with a domestic market share of 36.3 per cent.

The statement contains no detailed breakdown of profit sources but there is little doubt that, inside the U.S., Morris outstripped the rest of the tobacco industry, or to be more precise, it outstripped Reynolds, its deadly rival.

...Moreover, the group which in 1982 took 26 per cent of its operating income from outside the U.S., lifted international volume by an admittedly minor 2 per cent in the quarter.

But the triumph over Reynolds in the domestic market looks a bit hollow in view of the sharp dip in the market which showed a decline of 15 per cent in the quarter.

Moreover, the international success was punctured by the strength of the U.S. dollar which turned a minor sales gain into a 15 per cent fall in earnings for the international division.

Reynolds disclosed that tobacco earnings are down for the third quarter and nine months. Domestic market share is now down to only 28.2 per cent and while international tobacco earnings rose by 13 per cent, this sector brought in only 8.6 per cent of group operating profits last year.

The fall in the U.S. market for tobacco profits has been due, in part, to special factors. Excise duties were raised at the beginning of the year, pushing prices up just as U.S. consumers became highly cost-conscious in the face of rising unemployment.

A further decline in industry sales, perhaps of 3 per cent or more, is expected next year and it will remain very difficult for the manufacturers to restore their battered profit margins.

Consequently, any applause for the success of Morris in the U.S. domestic market should be tempered by the fact that about 62 per cent of last year's operating profits came from tobacco operations which may not have too bright a short-term outlook.

Against this background, a doubling of profits at Miller Brewing, a 10 per cent gain at Seven-Up and a substantial rise at Mission Viejo, the housing subsidiary, still means hard work ahead if the group is to meet analysts' forecasts of \$7.25 a share for the full year. Other, less optimistic analysts, would settle for \$7.00 against last year's \$6.23.

In the case of Reynolds, predictions of a fall from \$7.82 per share to \$7.30 this year look more realistic. The transport and energy divisions still look unhappy and are likely to bring in lower profits at the year end.

Plessey rejects claims over Grenada airport

BY LYNTON McLAIN IN LONDON

THE BRITISH contractor heading the construction team for the Port Salines airport in Grenada has rejected U.S. claims that the airfield was to be a military installation.

Ironically the signature on the contract awarded last year to Plessey Airports, prime contractor for the airport, is none other than that of Mr Bernard Coard, the former Grenadan Finance Minister and leader of the coup that ousted Mr Maurice Bishop and led to the recent invasion by U.S.-led forces.

In the end it was neither the tourist planes for which the airport was planned, nor Soviet transports and fighters as feared by President Reagan, but U.S. invasion forces who inaugurated the new but as yet unfinished airport and ended the brief rule of the Grenadan military junta.

But Plessey is adamant that the new airport was indeed a civilian project with none of the hardened facilities, dispersal aprons or re-inforced control tower which would accompany a military development.

Last night Plessey confirmed that it wants to complete its contract, despite the U.S. accusation that it was to be a military installation and a link in Cuban-Soviet expansionary plans in the Caribbean.

The airport is being built with financial guarantees from the British Government and there had been no requests at any time from the UK Government for Plessey Airports to stop work on the airport.

President Reagan based his claim of a Cuban plot to take over Grenada on the large numbers of Cuban military and paramilitary forces taken prisoner and on the discovery of a complete Cuban military base filled with weapons and communications equipment.

Plessey Airports insisted last night that a U.S. company, which it did not name, carried out the preliminary work of draining a lagoon so that a causeway could be built for the airport.

A U.S. official said after the President's speech last week that the "base complex" was near the airport construction site in south-west Grenada.

Plessey Airports, part of Plessey Electronic Systems in the Plessey group, won the £6.6m (\$9.8m) contract after securing financial backing from the Export Credit Guarantee Department with support from the Overseas Development Agency and the Department of Trade in London.

Under the original contracts, Plessey Airports was given total responsibility for the "overall project management and the provision of all essential equipment and services to establish an operational airport." The airport was to have a 9,000 ft long runway, work on which was already under way by a "few hundred Cubans" before Plessey Airports arrived last year, the company said.

Plessey Airports said it employed Grenadans for the work, supervised by 15 Plessey managers and installation engineers. A company spokesman said he was not aware of the company employing Cubans.

Turks bid for credit terms on N-plant contract

By Our Ankara Correspondent

THREE ALTERNATIVE letters of intent are being prepared by the Turkish Government for the contract to build the country's first nuclear power plant at Akkuyu on the Mediterranean coast.

The move seems to be a last-ditch attempt to get one of the three main companies bidding – KWU of West Germany, AECL (Kandu) of Canada and General Electric of the U.S. – to improve their credit terms.

It is taken for granted here that Turkey urgently needs to go ahead with a nuclear power programme. Electricity demand is expected to rise from the present 28bn kilowatt hours per year to around 200bn kilowatt hours per year in the late 1990s.

Plans for six nuclear power stations, with the first to be built at Akkuyu and the second near Sinop on the Black Sea, were drawn up more than five years ago but until now finance has been a stumbling block.

The Canadians, West Germans, and U.S. have recently after much prodding by the Turkish Government come forward with schemes for which credit is largely available.

KWU is believed to be offering a 990MW power station at a cost of DM 2.31bn (\$883m), of which DM 1.4bn would be covered by credit from Hermes, a West German company which provides export insurance.

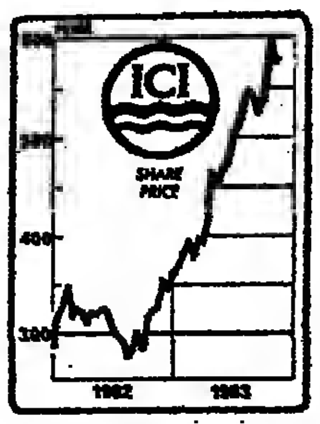
General Electric's proposal is thought to be a 1,120MW power station at a cost of around \$1.1bn with \$600m in export credit, while AECL (Kandu) of Canada have proposed a 635MW plant at a cost of \$1bn of which \$800m would be available in credit.

The minimum foreign currency requirement of \$200m to \$300m needed to go ahead with any of these bids will not be easy for the Turkish Government. It has already committed itself this autumn to major spending on the Ataturk Euphrates high dam and a project to build 160 F-16 fighter jets in Turkey at a cost of \$4.2bn.

THE LEX COLUMN

New chemistry set for Wall Street

The American love affair with ICI is formalised tomorrow when dealings in the UK stock begin on the big board of the New York Stock Exchange. U.S. investors have been the driving force in the dramatic recovery in the share price so far this year – up from 350p to 580p on Friday night. And last week's figures covering the third quarter will give them the warm feeling of having read the recovery in ICI's fortunes earlier and more accurately than most UK investors. Pre-tax profits in the quarter jumped from £58m in the same period of 1982 to £147m. A sharp improvement in the problem petrochemical and plastics area was due more to volume gains, than to currency swings as earlier, while price improvements are now beginning to make their presence felt.



So ICI is on target this year to match the peak pre-tax profits of £613m in 1979 – and, in contrast to that year, stock profits will be a minimal element in the outturn. The turnround partly reflects the cyclical recovery in the economies of the developed world now under wey, and an unwinding of the depressing impact of the high valuation of sterling after 1979. For Americans, the attractions of catching a cyclical turning point in the chemicals industry in the shape of ICI were enhanced by what they perceived as the idiosyncratic way the UK market had been accustomed to valuing earnings. Stripped of e notional "full" tax charge, ICI looked all the cheaper against comparable U.S. stocks.

UK investors and analysts who had prematurely moved into the stock last year were quick to dismiss the U.S. investment charge into ICI as a quick buck operation. In restrospect the Americans may have been very fortunate in their timing, but much of their recent interest does seem to have arisen from well-researched analysis of ICI in the context of a clutch of familiar U.S. majors. ICI's research and development, for instance, has held up better than that of most of the U.S. majors. Its output per man has been increasing fast enough to overtake the West German majors and approach the U.S. standard. Moreover, Americans have been particularly impressed et the way ICI's heart drugs have been able to fend off Merck, one of the most powerful U.S. pharmaceutical companies on Merck's own home ground.

Underlying such specific factors is the rapid change in the direction of the company since John Harvey-Jones became chairman last year. ICI is working on building up the proportion of turnover in speciality products, such as pharmaceuticals, pesticides and paints. These have moved up from about 40 per cent of non-oil turnover in 1979 to 45 per cent this year. Moreover the number of products in this category prone to marked cyclical movements, notably dye-stuffs, has been falling. The aim is to push the proportion of speciality products to 55 per cent, although this is likely to take four or five years.

Ambitions

In the commodity product areas the group is pursuing a three-pronged strategy. In some products it has expanded in order to gain a position of market dominance. The purchase of Albright and Wilson's fertiliser division earlier this month was one example of this, as was the acquisition of Lonza to deepen the company's PVC markets. Elsewhere ICI has withdrawn completely – as from polyethylene products in last year's deal with British Petroleum. The write-off of the investment in the Corpus Christi U.S. cracker venture, along with the disposal of U.S. gas and oil interests designed to provide feedstock for this commodity business also reflects the curbing of bulk chemical ambitions. Other parts of the commodity business are being maintained as a supply source for higher value added products, but capital investment is confined to maintenance levels.

The financial implications of this strategy have been emerging with great clarity in the last few months – and the strength of cash generation has caught the company itself off guard. Indeed, at break-even or better the petrochemical and plastics division is generating cash in excess of £50m a year. Capital expenditure, in the region of £800m only a few years ago, is now running below £300m, while working capital may rise this year by only £120m or so. The cash inflow – of perhaps £200m – will pull net debt down from 48 per cent of shareholders funds at the end of 1982 to about 33 per cent at the end of this year, and the drop is set to accelerate next year. With £100m of loan repayments to fund each year, in retrospect there was hardly a burning need for ICI to issue its \$100m bond last May.

In this light the rumours in the UK stock market earlier in the year that the company was planning a rights issue look particularly ill-founded. To the contrary, since ICI's target growth divisions require relatively little capital, the true problem for the board is how to use the cash that is now being amassed. At least this financial background should simplify deliberations on the dividend. A pay-out this year matching, or even exceeding, the 1970 peek of 23p net would not be surprising.

UK stockbrokers are now moving up their estimates of next year's pre-tax profits to conform with US projections in the £850m-region. On this assumption the present level of the share price is hardly extravagant. Adjusting the profits to the Lifo basis familiar in the U.S. – reducing them by, say, 15 per cent – and assuming that the tax charge moves up from 34½ per cent to 37 per cent, the p/e for 1984 emerges at about 7½. This compares with multiples of 10 to 12 for Dow Chemical, Du Pont, Celanese and Hercules, and around 8½ for the lower quality Union Carbide and Monsanto.

Fear of the next cyclical downturn already appears an inhibiting factor for many domestic investors. But the chemical upswing this time is likely to be quite extended. ICI, with its chlorine-based PVC technology, will also not face the brunt of competition from the new Middle East petrochemical plants. As ICI's speciality products go on expanding, an economic downturn later in the 1980s should hurt it less than in the past. A savage squeeze, producing a turnround into sharp loss again in the vulnerable commodity businesses, might reduce overall pre-tax profits by only 20 per cent or so, compared with the 54 per cent decline suffered in 1980. Mr Harvey-Jones will scarcely be shy in putting that message across on Wall Street tomorrow.

Canada urged to raise limit on foreign banks' market share

BY NICHOLAS HIRST IN TORONTO

A CANADIAN Parliamentary committee has unanimously recommended the lifting of a restriction, limiting foreign banks' share of total banking assets to 8 per cent.

The recommendation comes when the Bank of Montreal, the third largest bank in Canada, is bidding US\$550m for the Chicago-based Harris Bancorp and foreign banks in Canada are pushing against the 8 per cent limit.

Foreign banks have lobbied hard to have the ceiling lifted and it was clear that in coming to its decision, the House of Commons finance committee saw the danger that, unless the restrictions were removed, other countries could act to clamp down on the overseas activities of Canadian banks.

Mr John Evans, the committee chairman, said that the committee was unanimous in believing that the ceiling was unnecessary and stood out as a "red flag" to other countries considering how Canadian banks should be treated.

Foreign banks were allowed to set up in Canada under the 1980 Bank Act. The 8 per cent limit was imposed after lengthy consultations with the domestic banks to preserve Canadian dominance on the domestic banking market.

But in the past few years Canadian banks have pushed hard into the American loan market. In evidence to the finance committee, none of the Canadian banks opposed lifting the ceiling while the Royal Bank, the largest of the Canadian banks, actively supported such e move.

It is not certain, however, whether the committee's recommendation can easily be translated into law, as the Bank Act is normally only reviewed every 10 years, and has not been reopened in the past for the kind of amendment required to lift the ceiling on foreign banks.

Mr Marc Lalonde, the Finance Minister, has said be would be highly influenced by the committee's recommendation in deciding whether to introduce an amendment, hut shortage of parliamentary time could also prevent the law from being amended this session.

At August 31, the domestic assets of the foreign banks amounted to C\$17.7bn (US\$14.4bn), equal to 7.3 per cent of the total. The ceiling has been most problematical for banks such as Citibank, Barclays and National Westminster Canada, whose assets grew strongly once they were allowed to act fully as banks after the 1980 Act. The foreign hanks hope an amendment can be introduced some time next year.

British Airways expects over £100m earnings

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AIRWAYS is expected to announce this week net profits of more than £100m (\$149m) for the first half of the current financial year after interest and tax.

The precise figure is to be put before the airline's board at its regular monthly meeting on Friday and will be publicly announced the same day.

The net profit for the half year is still being computed but could be as high as £130m, stemming from the substantial improvement in passenger and cargo traffic experienced this summer, especially on the North Atlantic air routes. Another major contributim has been the substandial cost reductions in the airline arising from its extensive retrenchment programme of the past two years.

For the 1982-83 financial year the net profit was £80m, after the massive loss of £544m in 1981-82, although that figure included heavy redundancy payments and other special items.

British Airways still has to face the winter, however, traditionally a period when traffic declines and profits are either reduced or whittled away entirely.

British Airways remains confident that, because of its extensive cost-cutting campaign and its efforts to improve the overall quality of its service to passengers and cargo shippers, it will come through the winter strongly. By the end of next March, when the financial year ends, it expects to be able to show an overall profit for the full year.

Administration to be appointed in Grenada

Continued from Page 1

on the need to protect democracy, their views on how to pursue those aims were likely to differ in Central America.

Sir Geoffrey also indicated that Britain would be extremely wary of appearing to support any U.S. action in reprisal for the killing of U.S. marines in Beirut.

Reprisal action could be justified only if the groups or individuals directly responsible could be identified: any quick connection between the killings and any particular nation or government could not justify reprisal action, he insisted.

Sir Geoffrey conceded that there had been too little consultation between Washington and London, and that the Americans "had not been as frank as one might expect a major ally to be."

The Government is clearly worried by new signs of public mistrust of the U.S. just as the new cruise missiles are due to be installed. A public opinion poll in yesterday's Sunday Times showed that 73 per cent of those questioned mistrusted U.S. guarantees on joint Anglo-U.S. control over cruise missiles.

In Grenada, U.S. troops under the command of Vice-Admiral Josef Metcalf now number about 5,000 on the ground, with another 10,000 on warships stationed off the coast. They are using helicopter gunships and jet fighters to try to flush out an estimated 350 Cuban and Grenadian forces still in the hills

There was still no news last night of General Hudson Austin, head of the People's Revolutionary Army. But U.S. marines captured Mr Bernard Coard, the Deputy Prime Minister.

French Socialists in economic policy shift

Continued from Page 1

to the Government's overall economic policy and the directives of the plan; and the partial legitimising of temporary import control and safeguard measures.

On foreign affairs, the pro-U.S. character of French foreign policy was toned down by eliminating a passage which suggested that in the East-West balance France stood closer to the U.S. But the resolution still emphasises that France is part of the Atlantic Alliance.

The amendments, however, were far from meeting M Chevènement's initial demands. In his speech on Saturday, be sketched his belief in policies based on a combination of more expansionist hudgetary measures, a temporary French withdrawal from the EMS and import controls. He warned that to accept 2.8m unemployed in 1986 (as against some 2m today) was to accept electoral defeat, adding that deflation created unemployment and prevented modernisation.

He struck directly at M Delors, in asking: "Is it not time to reform that retrograde monument of liberal interventionism that is the actual Ministry of Finance?" But M Chevènement got a cool reception from a conference that did not want to see old battles re-opened.

The compromise means that M Chevènement and the Ceres faction have lost much of their freedom to criticise the Government from "outside" the party structure, in return for what they hope will be some leftward shift in policy. Their prospective isolation outside worried the Government which feared that, if Ceres stepped up its criticism, the Communists, who are partners in the coalition government, would as well. The compromise also means that the positioo of M Michel Rocard, now Minister of Agriculture, and the leader of the moderate Social Democrat faction, is also weakened.

M Jospin is to meet with the Communist leadership in the near future, to warn them against stepping out of line in their criticisms of the Government's domestic and foreign policies.

ICI's U.S. road show

Continued from Page 1

Sachs, are also counting on future acquisitions and money-raising activitias – their services for the ICI road show and share listing have been thrown in at no cost.

"There are times when people buy stock without thinking," says Mr Kent Van Allen, first vice-president at Smith Barney. "These are the ones who can sell without thinking, too. They aren't the investors we are aiming at," he says. "We want educated investors."

In order to facilitate this teaching job, ICI has hired a Falcon 50 three-engine jet to take Mr Harvey Jones, his lieutenants, their slide projector various bankers and a large box of the chairman's favourite Ceylon tea around the U.S. this week.

Their day in New York will be followed by a day in Chicago, a few hours in Boston, a morning in Los Angeles, a sprint to San Francisco and then home to London on Friday night from Los Angeles.

Chairmen of large British companies shouldn't recoil from their schedule – they may be next. Mr Van Allen says he is "personally" negotiating with a number of large multinationals based in London on the possibility of a New York listing for their shares.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	21	70	Dubrovnik	S	17	63	Malaga	C	21	70	Salzburg	C	8	46
Algarve	F	21	70	Faro	F	22	72	Malta	S	24	75	Seoul	S	17	63
Algiers	F	22	72	Florence	R	12	54	Manila	—	—	—	Singapore	R	30	86
Amsterdam	F	10	50	Frankfurt	S	7	45	Miami	S	23	73	Stockholm	C	8	46
Athens	S	20	68	Funchal	F	22	72	Milan	—	—	—	Strasbourg	S	7	45
Bahrain	S	30	86	Geneva	C	9	48	Moscow	S	4	39	Sydney	—	—	—
Bangkok	C	31	88	Gibraltar	R	20	68	Munich	C	6	43	Taipei	C	25	77
Barcelona	S	14	57	Guernsey	F	9	48	Nairobi	—	—	—	Tangier	C	20	68
Beirut	R	23	73	Helsinki	R	5	41	Naples	F	18	64	Tehran	—	—	—
Belgrade	S	12	54	H. Kong	C	26	79	New Delhi	S	30	86	Tel Aviv	C	26	79
Berlin	F	6	43	Innsbruck	C	9	48	New York	S	16	61	Tenerife	S	26	79
Biarritz	C	11	52	Inverness	F	12	54	Nice	R	16	61	Tokyo	S	16	61
Blackpool	C	11	52	Istanbul	F	15	59	Oporto	S	15	59	Toronto	C	7	45
Bordeaux	C	6	43	Jersey	F	9	48	Oslo	F	9	48	Tunis	F	25	77
Brussels	S	10	50	Jo'burg	S	24	75	Paris	S	9	48	Valencia	F	15	59
Budapest	F	12	54	Las Palmas	F	26	79	Prague	C	6	43	Venice	R	11	52
B. Aires	S	24	75	Lima	S	21	70	Reykjavik	C	1	34	Vienna	C	9	48
Cairo	S	26	79	Lisbon	C	14	57	Rio de Jo	S	30	86	Warsaw	C	6	43
Cape Town	F	18	64	Locarno	R	12	54	Rome	C	19	66	Zurich	C	7	45
Caracas	S	28	82	London	C	6	43								
Casablanca	R	20	68	Los Angeles	F	20	68								
Copenhagen	F	8	46	Luxembourg	S	7	45								
Corfu	S	20	68	Madrid	S	10	50								
Dublin	R	11	52	Majorca	S	14	57								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday October 31 1983

CREDITS

Keen competition to arrange new Algerian jumbo

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ALGERIA has revived a nostalgic sense of the good old days with its latest jumbo loan. Competition for the mandate is more intense than any the market has seen for a long time.

By the time bidding closed on Thursday at least three groups of large banks had submitted offers to arrange the credit. All of the offers were understood to be on terms finer than the $700m, eight year credit arranged by the energy concern Sonatrach earlier this year.

That credit bore a margin of ½ per cent over Eurodollars for the first two years rising to ⅝ per cent thereafter. The finest bid Algeria received last week is believed to contain a margin of ½ per cent for six years rising to ⅝ per cent only for the last two.

Moreover the response has been such that banks are now expecting Algeria to aim for an amount at the upper end of the $500m to $700m target range for the loan. The credit is to be raised in the joint names of the Banque Exterieure d'Algerie and the Banque Nationale d'Algerie and a mandate is expected shortly, possibly early this week.

In some respects the response to Algeria's deal is not surprising. Algeria is regarded as a quality risk and has been making net repayments of its foreign debt to international banks this year. There is thus a particular shortage of Algerian assets in the market at a time when banks are generally starved of good quality international lending opportunities.

But a source of concern to some bankers has been the speed with which the old-fashioned rate-cutting mentality reappeared in the credit market at the first sign of an alluring deal. Lead managers may well be ready to trim their prices to obtain a mandate, but several bankers also pointed out on Friday that low margins might make for a disappointing sale of the deal to smaller market participants in syndication.

It would also be wrong to assume, they say that the Algerian jumbo is a sign of a general revival in the market. For the most part, deals now being launched remain rather small and the dearth of business is encouraging banks to look at new techniques of financing.

For example, Volvo, the Swedish car manufacturer is raising $70m on a standby basis through a revolving underwriting facility led by Merrill Lynch. This is believed to be the first time that an industrial corporation has been tempted into the market for such an operation which is akin to a commercial paper programme in the U.S.

The facility entitles Volvo to sell three and six month notes bearing interest at the London interbank bid rate for Eurodollars continuously for a period of three years to a maximum amount of $70m. The facility is underwritten by five banks on a club basis for an undisclosed fee.

Elsewhere, Hungary has taken advantage of the current fashion for sterling loans to launch a £50m, two year financing for its trading company Metalimpex. Guaranteed by the Huogarian National Bank, this deal is being syndicated by Barclays and offers lenders the chance to choose between a bankers' acceptance facility with a commision of ⅞ per cent and a straight credit with a margin of ⅞ per cent over domestic sterling interbank rates.

The launch of the loan follows the signing last week of a Y16bn co-financing loan arranged for Hungary by the World Bank and a consortium of 19 Japanese banks

INTERNATIONAL BONDS

Demand for FRNs unshakeable

BY MARY ANN SIEGHART IN LONDON

DEMAND for floating rate notes has been hotting up all year, but now it appears to be so strong that investors have almost ceased to care about the maturity of the issues they buy.

The secondary markets in the recent jumbo issues have become so liquid that whether a bond has a five or 15-year life has become all but immaterial.

This was Credit Suisse First Boston's reasoning in hringing a $500m FRN for Sweden to the market on Friday with a 20 year life. It pays ¼ point over the mean of the London interbank bid and offered rates and carries the sweetener of put options at par after 10 and 15 years.

Only one FRN issue, for the French agency Caisse Centrale de Cooperation Economique, bas had such a long maturity, and that had a sinking fund whicb brought the average life down to 15 years.

CSFB evidently read the market right – despite its relatively tight terms, the issue was a "blow-out", trading on Friday afternoon at a discount of just 0.35 per cent, compared with its selling concession of 0.80 and total front-end fees of 1.40 per cent.

Mr Peter Engstrom, Director of the Swedish National Debt Office, said on Friday evening: "The initial reception has been far better than I had anticipated, or even dared to anticipate. But it's better to be on this side than to price it too tightly and let it flop in the market."

Will it be increased like the last Sweden jumbo? "The problem is that we don't need the money," be said.

It is hard to tell exactly where all this demand is coming from. Obviously the banks are good buyers and some institutional investors are interested, too. The Japanese banks, in particular, have been keen to invest in floaters, mainly because of Ministry of Finance regulations.

If they want to take part in syndicated loans, they have to match a significant proportion of the asset with medium-term liabilities. In other words, they bave to borrow at medium-term rates, usually through a three or five-year floating rate certificate of deposit.

Since these have to pay a margin over Libor, the spread left to the bank is relatively small. With a FRN, by contrast, they do not have matching requirements, so though the margin may be slightly smaller than on a loan, the cost of funding is lower. This makes the spread more attractive.

The growth of investor interest in floaters is also due to the general desire by banks to be able to market their assets. Unlike loans, bonds have a secondary market and the increasing liquidity of the FRN sector is beginning to fuel itself through a sort of virtuous circle.

As one dealer explained: "The key is that the bigger the deal, the greater the liquidity and the more money goes into it." Dealing spreads in floaters tend to be around 0.1 per ceot, compared with ½ per cent on straight bonds, so they are ideal as a depositary for spare casb on a short-term basis. They have in effect, become a short-term money market instrument.

Apart from the Sweden jumbo, last week was a poor one for new issues. Dart and Kraft, the U.S. food company, came out with an issue of "exchangeable units," or bonds with warrants to buy not the borrower's shares but stock in Minnesota Mining and Manufacturing (3M). The bonds, too, were convertible into 3M shares.

The dollar secondary market was firmer than its New York counterpart last week, considering the surprise rise in the U.S.'s M1 measure of money supply.

This week might see it more buoyant. Friday's news of a $2.4bm fall in M1 – better than the market expected – sbould cancel out some of the nervousness ahead of the U.S. Treasury refunding operations on Tuesday, Wednesday and Thursday.

In Europe, markets were extremely quiet all week. In Switzerland, prices of seasoned bonds closed unchanged, but the dual currency bonds took a knock; some fell by as much as a point and a half on Thursday.

France introduces state company finance instruments

BY DAVID MARSH IN PARIS

MORE than a year after nationalising its leading industrial companies – on exceedingly good terms for shareholders – France's Socialist Government bas now introduced a set of capital market instruments to belp finance state-owned groups. These again offer relatively generous conditions.

They are the so-called *titres participatifs*, a non-voting loan stock somewhere between a bond and a share. Five nationalised companies have made sucb issues during the last few months worth a total FFr 3.9bn ($487.9m).

The *titre participatif (TP)* was brougbt in to fulfil two-fold aims. The 11 major companies under the control of the Industry Ministry (including not only the newly nationalised ones but also some long-standing state groups like Renault) lost nearly FFr 20bn last year, and the figure will probably not improve mucb this year.

The Government quickly found it could not afford to put up all the funds needed itself to plug its losses and finance new investment. It therefore had no choice but to direct some of the better-performing companies towards raising capital from the French market. But it could hardly ask them to issue shares.

The TP, which provides the companies with a form of permanent capital akin to equity, but whicb involves no dilution of government shareholdings, was the halfway-house solution.

All the TPs issued so far – for Saint Gobain, Rhône-Poulenc, Thomson, Compagnie Générale d'Electricité and Renault – carry yields based partly on a fixed interest portion (normally making up about two thirds of the yield), and partly on a measure of the company's financial performance.

The Saint Gobain and Rhône-Poulenc issues met beavy demand.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
DBS §	70	1998	15	5½	100	Daiwa Secs., DBS-Daiwa, Dresdner Bk., SG Warburg	*
Dart & Kraft Fin. ¶	85	1998	15	7½–¼	*	Morgan Guaranty, Goldman Sachs	*
Mitsubishi Corp. ¶	100	1988	5	5¾	100	Nikko Secs., CSFB, Robt. Fleming, Merrill Lynch, Mgn. Stanley, Yamaichi	*
Belgium †‡	50	1991	8	3/16	100	Sparebanken Oslo Akershus, Svenska Handelsbanken	–
Chase Manhattan †‡ (a)	300	1995	12	0	100	Salomon Bros., Lehman Bros.	–
Sweden †‡	500	2003	20	¼Ø	100	CSFB	–
Ford Credit Canada** †‡	50	1989	6	¼	100	Commerzbank	–
Weyerhaeuser ¶‡	60	1990	7	11¼	100	Morgan Stanley	11.500
SWISS FRANCS							
Amex Ov. Fin. :	100	1991	–	7¼	–	Soditic	*
Toyo Suisan Kaisha** §‡	25	1989	–	3⅛	100	CS	3.125
Hosiden Electronics** §‡	50	1988	–	3	100	UBS	3.000
Ireland ‡	80	1993	–	6½	100	Paribas (Suisse)	6.500
Japan Highway ‡	100	1991	–	5⅝	99¾	SBC	5.865
Bridge Oil §‡	81	1993	–	4¾	100	Handelsbank	4.750
Gun-ei Chemical** ¶	60	1988	–	4⅞	100	SBC	*
Tokyo Optical** §	20	1988	–	3⅛	100	CS	*
Toyobo Co.** ¶	50	1988	–	*	*	SBC	*
STERLING							
Elec. Commission of New Sth. Wales** ‡	30	1995	12	–	–	Kleinwort Benson, Nomura, Intl.	–
GUILDERS							
Oce-Van der Grinten §‡	100	1998	15	6½	100	Amro Bank, Pierson, ABN	6.500
EIB ‡	250	1993	8	8½	99¼	Amro Bank, ABN	8.615
ECUs							
Aeroport de Paris ‡	25	1993	8	11⅜	100	CCF, Soc. Gen., Soc. Gen. de Bque., BBL	11.375
YEN							
IADB ‡	15bn	1993	9	7⅞	99½	Nomura Secs.	8.106

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 3-month Libor. ¶ With warrants. (a) Registered with U.S. SEC. : Dual currency issue repayable in dollars. Ø Spread over 6-month mean Libor. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Malaise re-inforced by Senate's delay on debt ceiling

WITH LITTLE or no retail buying interest in evidence last week Wall Street's credit markets were going nowhore fast.

The market malaise was reinforced by the scheduled, hut still uncertain, timing of the record $16bn mid-quarter refunding duo to start tomorrow but which could be delayed by the Senato'o failure, to date, to raise the current Treasury debt ceiling of $1,389bn.

Evon the late Friday rally—spurred by another unexpected

U.S. INTEREST RATES (%)

	Week to Oct 28	Week to Oct 21
Fed funds wkly aver .	9.36	9.35
Three-month CDs	8.23	9.10
Three-month T-bills ...	8.64	0.64
30-year Treas bond ...	11.88	11.48
AAA Utility	12.75	12.38
AA Industrial	12.63	12.38

Source: Salomon Bros (estimates). In the week ended October 19 M1 fell by $2.4bn to $517.4bn.

fall nf $2.4bn in M1, all but reversing a revisod $2.6bn gain the previous week, failed to mako up for the earlier price declines. As a result tho Treasury long bond closed down about half a poiot on tho week at 102 3-8 to yield 11.71 per cent.

Tho most noticeablo feature of tho markot in recont wooks has been the sharpening slope of tho yiold curve. Within tho past month the lnng bond yield has moved up by almost 30 points. In contrast the three-month Treasury bill rate has dropped by around 15 basis points to 8.59 per cent at Friday's close—and this has happened whilo tho Fed funds rate has basically stood still.

Market analysts suggest that fundamontal reasons for the heighlooed yield curve are the relative scarcity of Treasury bills resulting from the Treasury'o ability to pay down bills, and investors demanding the now almost traditional premium at the long end ahead of a large volumo of new supply.

Wall Street oconomists suggest a third, and more recent, reason. While there is only limited evidence as yet of a "flight to quality"—crtainly not of tho magnitudo that hit tho government markets last autumn during the lnternational debt crisis — international financial problems coupled with heightened military tensions, particularly in Lebanon and the Caribbean, have impacted the short end of the market drawing overseas investors to short-maturity dollar-denominated securities.

Despite this however the market's current nver-riding preoccupations remain with Fed monetary policy, the deficit and the economy.

For the moment, with the monetary aggregates, including M1, safely within target the consensus is that the Fed is unlikely to change course soon unless nther factors force the issue.

In the meantime the U.S. economic recovery, whilo continuing to show some marginal signs of slowing its hectic pace, remains strong.

While there has yet to be any evidence of 'crowding-out' in the U.S. credit markets that has not lessened the markets' concern about the potential longer term clash of high doficits and percieved pent-up privato sector funding needs.

The mid-quarter refunding, consisting as expected of $6.5bn of three-year notes due for auction tomorrow, $5.25bn of 10-year notes planned for sale on Wednesday, and $4.25bn of 30-year bonds on Thursday—a package designed to raise $10.1bn in new cash towards a $42bn target this quarter — serves only as a reminder of tho problem.

But market uncertainty has been heightened in tho run-up to this refunding by the Senato's dolay in approving the higher Treasury debt ceiling. The delay, principally the result of a wide range of 'extraneous' amendments being tagged onto the bill, has already resulted in the postponement last Thursday of a planned $7.75bn one-year noto issue.

This lack of any clear direction has also spilled over into the corporate markots which also registered price losses last week. First Boston registered a mero two new corporate straight dobt issues totalling just $150m.

Paul Taylor

Corporate restructuring at GATX

By William Hall in New York

GATX, the biggest lessor of tank rail cars in the U.S., is to make a $100m write-off in its fourth quartor. The company is halving its dividend, forecasting a loss for the year, and planning a major corporate restructuring.

Mr James Glasser, GATX's chairman, says that the group has been reviewing how to maximiso the long-term value of its shares and has concluded that the group can provide the best return to shareholders by concentrating on its service orientated base of businesses, including terminals, financial services, and the rail-car leasing portion of its transport subsidiary.

As a result the company intends to pull out of a number of manufacturing operations of which the most important is the manufacture of rail tank cars.

Tho company has also decided to divest itself of two of its special manufacturing units, Pollock and Tank Erection.

Westinghouse Spain seeks receivership

BY DAVID WHITE IN MADRID

WESTINGHOUSE ELECTRIC of the U.S. is applying to place its industrial operatinns in Spain under temporary receivership, as a result of a drop in orders. The surprise move comes after a split in the top management of the Spanish subsidiary over the strategy that should be adopted.

The Spanish company, majority controlled by the U.S. group, is a leading producer of heavy electrical equipment, including for Spain'o nuclear power programme, which is being sharply cut back by the Socialist government. It has six factories and employs about 3,000.

The company's decision to lodge a court application for suspension of payments comes less than 18 months after a Pta 4bn (U.S.$ 26.4m) restructuring plan, backed by the previous centrist administration.

Suspension of payments is a pre-bankruptcy procedure for companies that are unable to meet their obligations but whose net liabilities are still less than their net assets. It provides for a debt moratorium and appointment of receivers to supervise a rescue plan. The company said it was making the application as a protective measure.

The move follows the sudden resignation on Friday of Sr Santiago Foncillas, the company chairman, who was reported to have opposed such a drastic move. Sr Foncillas sent letters to Sr Carlos Solchaga, Minister of Industry, and Sr Miguel Boyer, Minister of Finance, notifying them of his decision.

Westinghouse Spain had sales of Pts 10.6bn ($71m) last year, with profits of Pts 659m. However, like nther companies in the sector, it has been hit by the recession in the construction industry, a slowdown in purchases by electrical utilities, problems in the steel sector, and a drop in orders from the state railways.

North American Quarterly Results

AMERICAN PRESIDENT

Third quarter	1983 $	1982 $
Revenue	213.6m	172.8m
Net profits	20.1m	13.2m
Net per share	1.77	1.16
Nine months		
Revenue	598m	613.4m
Net profits	11.1m	44.8m
Net per share	—	—

AMP

Third quarter	1983 $	1982 $
Revenue	398.1m	288.2m
Net profits	42.43m	28.48m
Net per share	1.18	0.74
Nine months		
Revenue	1.1bn	860.8m
Net profits	82.71m	72.46m
Net per share	3.20	2.57

ANCHOR HOCKING

Third quarter	1983 $	1982 $
Revenue	181.7m	164.7m
Net profits	8.9m	3.8m
Net per share	1.00	0.40
Nine months		
Revenue	537m	440.8m
Net profits	†11.7m	2.3m
Net per share	†1.23	0.33

† Loss

BELL CANADA ENT.

Third quarter	1983 C$	1982 C$
Revenue	2.17bn	2.1bn
Net profits	186.8m	155m
Net per share	0.84	0.76
Nine months		
Revenue	6.37bn	6.08bn
Net profits	526.7m	445m
Net per share	2.46	2.28

IU INTERNATIONAL

Third quarter	1983 $	1982 $
Revenue	667.7m	644.8m
Net profits	18.4m	13m
Net per share	0.61	0.42
Nine months		
Revenue	1.97bn	1.88bn
Net profits	50.4m	19m
Net per share	1.30	0.63

METROMEDIA

Third quarter	1983 $	1982 $
Revenue	119.4m	88.7m
Net profits	1.96m	5.07m
Net per share	0.07	0.22
Nine months		
Revenue	373.4m	276.1m
Net profits	41.87m	67.84m
Net per share	2.38	1.35

PARADYNE CORP

Third quarter	1983 $	1982 $
Revenue	50.3m	82.1m
Net profits	404,000	7m
Net per share	0.04	0.38
Nine months		
Revenue	157.0m	145.9m
Net profits	5.4m	18.4m
Net per share	—	—

PENN CENTRAL

Third quarter	1983 $	1982 $
Revenue	668.4m	787.2m
Net profits	30.4m	35.8m
Net per share	0.40	0.79
Nine months		
Revenue	1.9bn	2.27bn
Net profits	58.4m	116.8m
Net per share	1.26	2.83

REVLON

Third quarter	1983 $	1982 $
Revenue	600.5m	605.3m
Net profits	30.3m	21.8m
Net per share	0.38	0.43
Nine months		
Revenue	1.76bn	1.73bn
Net profits	74.4m	18.8m
Net per share	1.79	2.03

ROYAL CROWN

Third quarter	1983 $	1982 $
Revenue	129.3m	127m
Net profits	4.37m	4.11m
Net per share	0.52	0.50
Nine months		
Revenue	380.8m	340.7m
Net profits	12.23m	11.57m
Net per share	1.47	1.41

ROYAL TRUSTCO

Third quarter	1983 C$	1982 C$
Revenue	—	—
Net profits	17.3m	—
Net per share	0.73	0.61

Major job swap at Mitel

● MITEL, the Canadian telecommunications group, has made a major change in its top management. Dr Michael Cowpland and Mr Terence Matthews, the two co-founders of the company, which made its first ever loss in tho first quarter of this year, have swapped jobs. Dr Cowpland, who has been president and chiof executivo officer, becomes chairman, and Mr Matthews, who had been chairman, becomes president and chief executive officor.

Earlier this year, Mr Donald Gibbs, formerly executive vice-president, finance, was appointed executive vice-president and chiof operating officer. The company said that the movo was to allow Dr Cowpland to concentrato on the technological aspects of tho business and Mr Matthews to "continue his dynamic role in the area of business development." Mr Gibbs will continue to bo responsible for the day to day running of tho company.

As chief executive Mr Matthews also becomes chairman of the executivo committee, the senior policy and decision making body of Mitel. Dr Cowpland was recently appointed chairman of a new Mitel subsidiary, Trillium Telephone Systems, intended to manufacture and market telecommunications equipment for the consumer market.

INTERNATIONAL APPOINTMENTS

● Mr Nelson B. Colton has been promoted to chairman and chief executive officer of ENGELHARD CORP.'s industries division and Mr Cyrus H. Holley has been appointed president and chief operating officer. Mr Colton, a senior vice-president and director of Engelhard Corp., joined tha company in 1978 and was appointed president of the Engelhard industries division in 1981. Mr Holley, a vice-president of Engelhard Corp., joined in 1979 and has served as executive vice-president, operations of the minerals and chemicals division.

● Mr J. A. Rickards has been appointed president of W. GREENWELL INC., and will be taking up his appointment in New York on November 1. He will remain a partner of W. Greenwell & Co.

● Mr John L. Forbis has been elected to the new position of vice-president, strategic planning, for EATON CORP. He will be responsible for Eaton's overall strategic plannig process, including merger, acquisition and divestiture activities. Mr Forbis comes to Eaton from McKinsey and Co.

Mr John L. Forbis, vice-president, strategic planning, Eaton Corporation.

● Mr Marc Bernaert has been appointed London representative of KREDIETBANK in succession to Mr Marc-Hubert Henry who is taking up a new position in Krediotbank SA Luxembourgeoise as head of private clieot services.

● Mr William W. Scranton, former governor of Pennsylvania and former ambassador to the UN, has been elected to the board of H. J. HEINZ CO. Elected with him was Mr Karl von der Heyden, recently named senior vice-president, finance.

● DOWNARD-PICKFORDS PTY, the National Freight Consortium's Australian removals, storage and distribution company, has appointed Sir Phillip Lynch, and Sir Harlod Aston as non-executivo directors. Sir Phillip has also been appointed a non-executive director of NFC International Holdings. Mr Ted Walt, executive chairman of Downard-Pickfords, will relinquish his chairmanship to Sir Phillip in February next year in order to pursue his principal responsibilities as managing director of NFC International Holdings.

● Mr Allan Cooper has been appointed regional marketing manager, seconded to DEUTSCHE WESTMINSTER BANK a wholly-owned subsidiary of National Westminster Bank. He will be based in Hamburg. Mr Cooper was assistant regional manager in NatWest's eastern Europe and Scandinavia region based in London.

● Mr Buet T. Adams has joined CBI INDUSTRIES INC. as vice-presideot, treasurer. He was vice-president and chief financial officer of The Richardson Co.

● As part of the reorganisation of the BSR group intended to shift more world-wide decision-making to its Hong Kong base, Mr Paul W. Helgesen has been appointed director of operations from November 1. Mr Helgesen, who is an international lawyer by training most recently served BSR as general counsel to the group's U.S. operations. He will be based at the group's headquarters in Hong Kong.

● Mr Zane E. Barnes has been elected chairman of the board and president end designated chief executive officer of the recently - formed SOUTH - WESTERN BELL CORP. He will also continue as president of Southwestern Bell Telephone Co., one of foor subsidiaries of Southwestern Bell Corp. The following were elected officers of Southwestern Bell Corp. and also form tho executive for Southwestern Bell Telephone Co.: Mr Louis C. Bailey, vice-president, chief financial officer; Mr Gerald D. Blatherwick, vice-president, public relations; Mr James F. Haake, vice-president, personnel; Mr John E. Hayes Jr., vice-president, revenues and public affairs; Mr Joe H. Hunt, executive vice-president; Mr Edgar Mayfield, vice-president and general counsel; and Mr Robert G. Pope, vice-president—strategic planning. Also elected were Ms Ann Goddard, secretary, and Mr R. McRae Geschwind, treasurer.

● AQUANAUTICS CORP. of California, has named Mr Claude L. Ganz its chairman, president, and chief executive officer. From 1970 to 1979, Mr Ganz was chief executive officer of Dymo Industries, Inc., which wes acquired by Esselte in 1978. He continues to serve on the board of Dymo, now Esselte Dymo, based in Stockholm.

● Mr R. H. "Tim" Stevens has been appointed manager, Switzerland, of BRITISH AIRWAYS. He was terminal manager, passenger and cargo, at John F. Kennedy airport in New York.

● Mr John P. Flanerty has been elected a senior vice-president of NATIONAL WESTMINSTER BANK USA. He is division head of human resources with offices in West Hempstead and Wall Street. He joined the human resources group in 1969 and was promoted to human resources officer in 1972, assistant vice-president in 1975, and vice-president in 1979.

● Mr David Richards has become manager of the newly-opened Zurich branch of GRINDLAYS BANK, London.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin. 10¼ 90	100	94⅞	95⅜	+0⅛	−0¼	11.44
Bk. of Tokyo Hd. 11 90	100	95¼	96¼	+0⅛	−0⅛	11.92
Brit. Col. Hyd. 10¼ 88	200	97⅞	98	+0¼	+0¼	10.88
Brazil Fin. 11⅞ 90	125	100⅜	100⅝	+0⅛	+0⅛	11.73
CCCE 11⅜ 97	100	94¼	94⅝	+0⅛	−0⅛	12.61
CCCE 12⅜ 95	75	99⅛	99⅝	+0⅛	−0⅛	12.67
CIBC 11 90	75	92⅝	93⅛	0	−0¼	12.57
Citicorp O/S 10⅜ 90	100	93¼	93⅝	+0⅛	0	11.85
Citicorp O/S 11¼ 90	100	97⅜	98¼	+0⅛	−0¼	12.18
Coca Cola Int. 9⅞ 92	100	91⅞	92⅛	0	+0¼	11.32
Cr. Suisse Bah. 10¼ 90	150	†98¼	98⅝	+0⅛	+0⅛	10.81
Den Norsk Crd. 11⅞ 93	50	93⅛	93⅞	0	−0⅛	12.39
Du Pont 11⅛ 95	150	99⅛	99⅛	0	−0⅛	11.33
ECSC 11⅞ 90	75	99⅞	100⅛	+0⅛	−0⅛	11.85
EDC 11⅜ 87	100	100⅜	101⅛	+0⅛	−0⅛	11.42
EOF 11⅛ 93	100	93⅞	93⅝	+0⅛	−0⅛	12.32
EEC 11 87	350	98⅞	99¼	+0⅛	+0⅛	11.30
EIB 10⅝ 93	200	92⅝	93⅛	+0⅛	−0⅛	11.97
EIB 11 91	125	96⅞	96⅛	+0⅛	0	11.84
EIB 11⅞ 93	150	98⅛	98⅝	+0⅛	−0⅛	12.16
Electrolux 10⅞ 90	50	91⅝	92⅛	+0⅛	−0⅛	12.34
Enserch Fin. 11⅜ 93	100	96⅛	96⅝	+0⅛	−0⅛	12.24
Fuji Int. Fin. 10⅞ 90	100	†94	94⅞	+0⅛	−0⅛	12.16
Gen. Elec. Credit 9⅝ 91	100	91⅞	92⅝	+0⅛	+0⅛	11.31
GMAC O/S Fin. 10⅝ 90	200	97⅝	97⅝	0	0	11.05
GMAC O/S Fin. 11⅛ 90	100	98⅞	99⅛	+0⅛	+0⅛	11.91
Honeywell Int. 10⅝ 90	100	97⅛	98⅛	0	−0⅛	11.20
Ind. Bk. Japan 10⅝ 88	100	97⅜	97⅞	+0⅛	−0⅛	11.54
Japan Air Lines 10⅞ 98	42	92⅝	93⅛	+0⅛	−0⅛	11.91
Japan Air Lines 11 93	75	95⅞	96	+0⅛	−0⅛	11.73
J. C. Penney 11⅞ 90	100	99⅞	100⅛	0	+0⅛	11.90
J. P. Mrgn. 11⅛ 90 WW	150	98⅛	98⅛	+0⅛	−0⅛	11.71
Levi Strauss Int. 11 90	75	97⅛	97⅝	+0⅛	−0⅛	11.56
LTCB 10⅞ 90	100	93⅞	94⅛	+0⅛	−0⅛	12.09
LTCB 12⅞ 90	85	102⅞	103⅛	+0⅛	−0⅛	11.83
Merrill Lynch 10⅞ 90	200	94⅞	95⅛	0	−0⅛	11.76
Mitsubishi Cpn. 10⅛ 90	100	94⅛	94⅞	+0⅛	−0⅛	11.88
Mitsubishi Fin. 11⅛ 90	100	96⅜	96⅞	+0⅛	−0⅛	12.11
Nippon Credit 11 90	100	94⅞	95⅛	+0⅛	−0⅛	12.09
OKB 10 91	100	90⅞	91⅛	+0⅛	−0⅛	11.85
Ontario Hydro 10⅛ 90	250	93⅞	94⅛	0	−0⅛	11.49
Ontario Hydro 11⅞ 90	200	100⅞	101⅛	+0⅛	+0⅛	11.56
Pacific Gas & El. 12 91	75	101⅞	102⅛	+0⅛	−0⅛	11.62
Prudential O/S 10⅞ 93	100	96⅛	96⅛	+0⅛	+0⅛	11.22
Prudential O/S 12⅛ 87	150	104⅞	105	+0⅛	+0⅛	11.19
Saskatchwn. Pr. 10⅞ 90	125	97⅛	97⅝	+0⅛	+0⅛	11.32
Sears O/S Fin. 11⅛ 93	150	98⅛	98⅛	+0⅛	−0⅛	11.89
SNCF 11⅞ 93	100	97⅛	97⅝	+0⅛	−0⅛	11.95
S. Cal. Edison 10⅞ 90	75	97	97⅞	+0⅛	−0⅛	11.08
Sumitomo Fin. 10⅞ 90	100	94⅞	96	+0⅛	−0⅛	12.04
Texaco Capital 9⅝ 90	150	93	93⅛	+0⅛	−0⅛	11.27
UBS 10 88	100	98⅝	99⅛	+0⅛	−0⅛	10.29
UBS 11 89	150	101⅛	102	+0⅛	−0⅛	10.59
World Bank 11⅛ 90	150	96⅞	97⅛	+0⅛	−0⅛	11.18
World Bank 12 93	200	99⅛	99⅞	0	−0⅛	11.36
World Bank 10⅞ 88	150	98⅞	99	+0⅛	−0⅛	11.75
World Bank 11⅛ 88	100	100⅛	100⅝	+0⅛	−0⅛	11.92

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7½ 93	100	100½	101	−0⅛	−0⅛	7.25
ANAS 8¼ 88	100	99½	100	−0⅛	+0⅛	8.30
Arab Bankg. Cpn. 8 88	100	97⅝	97⅞	−0⅛	0	8.64
Austria, Rep. 7⅝ 89	100	99⅝	100⅛	0	+0⅛	7.64
Austria, Rep. 8 93	100	101	101⅜	−0⅛	−0⅛	7.78
Avon Int. Fin. 7½ 93	100	100⅝	101⅛	+0⅛	+0⅛	7.38
Beatrice Foods 7¾ 93	130	103⅜	104⅛	0	+0⅛	7.17
BFCE 8¼ 90	150	101	101½	0	−0⅛	7.96
Comp. T. N. Esp. 8¼ 93	100	96⅞	97⅛	+0⅛	0	8.67
Dresdner Fin. 4 90 WW	250	108⅛	109⅛	+0⅛	+1⅛	2.55
Dresdner Fin. 4 90 XW	250	83⅛	84⅛	0	−0⅛	7.09
ECSC 8 90	150	101⅞	101⅞	−0⅛	−0⅛	7.72
EEC 8¼ 93	250	101⅛	101⅞	0	−0⅛	8.01
EIB 8 93	200	99⅞	100⅛	0	0	8.01
Eurofima 7½ 90	100	101⅛	102⅛	+0⅛	+1⅛	7.16
Finland Rep. 7½ 88	150	99⅛	99⅞	+0⅛	+0⅛	7.62
Int. Standard Ele. 7¾ 93	100	101⅞	102⅛	+0⅛	+0⅛	7.43
Ireland 8⅞ 91	150	100⅞	101⅛	+0⅛	+0⅛	8.44
Japan Devt. Bk. 7½ 90	100	100⅞	101⅛	−0⅛	−0⅛	7.27
Kobe City 7 93	120	97⅛	97⅞	0	+0⅛	7.38
LTCB 8 90	100	102⅞	102⅞	0	−0⅛	7.51
Renault Accptnce. 8 90	150	98	98½	−0⅛	−0⅛	8.34
SPR France 7⅞ 93	100	97⅛	97⅝	0	0	8.25
S. African Tran. 8¼ 90	100	99⅞	99⅛	+0⅛	+0⅛	8.31
World Bank 7½ 90	250	98	98½	0	0	7.84
World Bank 7⅞ 89	300	100⅛	100⅞	+0⅛	+0⅛	7.76

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100	102	102⅛	0	0	5.65
Bergen, City of 6¼ 95	40	98½	98⅞	−0⅛	−1	5.91
Denmark 6⅜ 91	100	101½	101⅞	0	−0½	6.10
EDC 5½ 91	100	100⅛	100⅝	+0⅛	+0⅛	6.27
EEC 9 93	100	100⅛	101	+0⅛	+0½	5.88
Europaral 6½ 93	100	98½	98½	0	−0⅛	6.31
Ex.-Im. Bk. Jap. 5⅝ 91	100	98½	99	−0⅛	−1⅛	5.83
Ind. Fd. Finland 6¼ 91	40	100⅛	101	+0⅛	−0⅛	6.10
Int.-Am. Dev. Bk. 6 93	100	97⅛	97½	−0⅛	−0⅛	6.36
Int.-Am. Dv. Bk. 6⅛ 93	100	99	99⅛	−0½	−1⅛	6.24
Japan Dev. Bank 6⅛ 93	100	101⅛	101½	−0½	−0⅛	5.65
Kansai Elec. Pwr. 8 91	100	101⅛	101⅛	0	0	6.73
Kawasaki Steel 6⅛ 91	100	100⅛	100½	−0⅛	−0½	6.01
Manitoba Prov 5½ 93	100	100⅛	100½	−0⅛	−0⅛	5.45
Montreal Urban 5⅞ 93	100	100⅞	101⅛	−0⅛	−0⅛	5.61
Mount Isa Fin. 6 93	100	102⅛	102½	0	+0⅛	5.67
Mt. Bk. Denmark 6⅛ 91	80	98	98⅛	−0⅛	−1	6.50
New Brunswick 5⅞ 93	100	101	101⅛	−0⅛	0	5.80
Nisshin Steel 5⅞ 91	100	99⅞	100	0	−0⅛	6.28
Osterr. Draukraft 6 93	100	102	102½	0	−0⅛	5.70
Osterr. Post 6⅛ 91	100	102⅛	103	+0⅛	+0⅛	5.45
Sumitomo Hvy. I. 6 91	100	99⅛	99⅞	−0⅛	−0⅛	6.04
Sumitomo M. Ind 6 91	100	100	100⅛	0	−0⅛	5.97
Tokyo Elec. Pwr. 5⅞ 91	100	101	101⅛	−0⅛	+0⅛	5.69
Trizec Corpn. 6⅛ 93	100	98½	98⅞	−2⅛	−2½	6.31
World Bank 5⅞ 93	100	98	98½	−0½	−1	5.88

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8½ 92	15	104⅛	105⅛	−0⅛	+0⅛	7.83
EIB 8¼ 92	15	102⅛	103⅛	−0⅛	+0⅛	7.76
Japan Airlines 7⅞ 87	5	†101⅛	102⅛	0	0	7.07
New Zealand 7⅞ 89	15	102⅛	102⅛	0	+0⅛	7.11
World Bank 8⅛ 92	20	103⅛	104⅛	0	+0⅛	7.70

Average price changes... On day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Cred. 12⅛ 90 C$	75	†98⅛	99⅛	−0⅛	+0⅛	12.43
Norcen 12⅛ 93 C$	60	†98⅛	97⅛	0	0	13.32
TD Mt. Con. 12⅛ 88 C$	40	†100⅛	100⅛	0	−0⅛	12.30
Quebec Hyd. 12⅛ 93 C$	50	†100⅛	100⅛	+0⅛	+0⅛	12.85
Royal Trstco. 12⅛ 88 C$	50	†99⅛	100⅛	0	−0⅛	12.65
World Bank 12⅛ 90 C$	75	†99⅛	100⅛	0	−0⅛	12.24
Xerox Canada 12 88 C$	40	†102	102⅛	+1½	−0⅛	11.36
EEC 11⅛ 93 ECU	70	100⅛	100⅛	+0⅛		11.15
Genfinance 11 90 ECU	60	98⅛	99⅛	0	−0⅛	11.26
Algemene Bk. 8⅛ 88 Fl	150	100⅛	101	0	−0⅛	8.54
Bk. Mees Hope 9 88 Fl	75	101⅛	101⅛	−0⅛	−0⅛	8.60
Elec. Sup. 84, 8¾ 88 Fl	75	97⅛	98	−0⅛	−0⅛	9.36
PHP 8⅛ 88 Fl	50	100⅛	100⅛	0	−0⅛	8.63
Sw. Ex. Cred. 7⅛ 88 Fl	100	96	96⅛	−0⅛	−0⅛	9.79
World Bank 8 88 Fl	100	102⅛	102⅛	+0⅛	−0⅛	8.34
OKB 14 88 FFr	400	101⅛	101⅛	0	0	13.37
Solvay et C. 14⅛ 86 FFr	200	101⅛	102⅛	+0⅛	−0⅛	13.59
BFCE 11⅛ 88 £	50	98⅛	99⅛	0	+0⅛	11.75
British Oxyg. 11⅛ 81 £	50	100⅛	101	0	0	11.69
CEPME 11⅛ 95 £	35	†99	100	0	+0⅛	11.31
Ciba-Geigy Int. 6⅛ 93 £	25	97⅛	98⅛	+0⅛	−0⅛	7.09
EEC 11⅛ 91 £	50	100⅛	101⅛	0	+0⅛	11.69
EEC 11⅛ 93 £	50	100⅛	101⅛	+0⅛	+0⅛	11.66
Fin. for Ind. 10⅛ 90 £	20	94⅛	95⅛	+0⅛	+0⅛	11.57
Finland Rep. 11⅛ 88 £	50	99⅛	100⅛	+0⅛	+0⅛	11.82
F. Mat. Branj. 12⅛ 92 £	30	103	103⅛	+0⅛	+0⅛	11.99
Gen. Elec. Co. 12⅛ 89 £	50	102⅛	103⅛	+0⅛	0	11.61
III 10⅛ 93 £	25	93⅛	95⅛	+0⅛	+1⅛	11.60
Mort. Bk. Fin. 11⅛ 89 £	15	97	98	0	0	12.35
Norsk Hydro 12 90 £	30	101⅛	102⅛	0	0	11.60
Sweden 11⅛ 93 £	50	97⅛	98	+0⅛	+0⅛	11.85
Sw. Ex. Cred. 11⅛ 88 £	30	97⅛	98⅛	+0⅛	+0⅛	11.75
World Bank 11⅛ 88 £	100	98⅛	98⅛	+0⅛	+0⅛	11.62
Euratom 11 93 LuxFr	500	102	103	−0⅛	0	10.54
Europarat 10⅛ 93 LuxFr	400	102⅛	103⅛	0	−0⅛	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFCE 5⅛ 88	0⅛	99⅛	100	20/1	10.18	10.10
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	99⅛	21/4	10	10.04
CCF 5⅛ 95	0⅛	99⅛	99⅛	7/4	9.94	9.97
CCF 5⅛ 98	0⅛	100	100⅛	24/3	10.19	10.17
CEPME 5⅛ 88 WW	0⅛	99⅛	100⅛	3/12	10.56	10.55
CEPME 5⅛ 92	0⅛	99⅛	100⅛	10/12	10⅛	10.50
Chemical NY 5⅛ 94	‡0⅛	100⅛	100⅛	23/12	10	9.94
CNCA 5⅛ 95 XW	0⅛	99⅛	99⅛	7/12	10	10.04
CNT 5⅛ 91	0⅛	99⅛	99⅛	6/11	9⅛	9.31
Credit Agricole 5⅛ 97	0⅛	99⅛	99⅛	24/3	10.31	10.34
Credit Lyonnais 5⅛ 94	0⅛	99⅛	99⅛	5/1	10.31	10.34
Credit Lyonnais 5⅛ 97	0⅛	99⅛	99⅛	1/4	10	10.03
Credit Nat. 5⅛ 94	0⅛	99⅛	99⅛	8/3	10⅛	10.78
Denmark 5⅛ 90	0⅛	99⅛	99⅛	13/4	10	10.03
EOF 5⅛ 95 XW	0⅛	100	100⅛	10/2	11⅛	11.36
EEC 9 90	0⅛	100	100⅛	5/1	10.19	10.17
Kansallis Osake 5⅛ 92	0⅛	100⅛	100⅛	8/11	9⅛	9.08
Long Term Credit 5⅛ 92	0⅛	100	100⅛	27/11	9⅛	9.74
J. P. Morgan 5⅛ 97	§0⅛	100⅛	101	12/11	10.81	10.72
New Zealand 5⅛ 87	0⅛	100⅛	100⅛	7/4	9⅛	9.85
NZ Steel Dev. 5⅛ 92	0⅛	100⅛	100⅛	22/12	10⅛	10.21
Nippon Credit 5⅛ 90	0⅛	100⅛	100⅛	10/2	11⅛	11.19
Societe Gen. 5⅛ 90 XW	0⅛	99⅛	99⅛	9/11	9⅛	9.76
Societe Generale 5⅛ 95	0⅛	99⅛	100⅛	1/3	10.31	10.31
Sweden 5⅛ 88	0⅛	100⅛	100⅛	26/2	10.19	10.16
Sweden 5⅛ 93	0⅛	100⅛	100⅛	3/2	11.19	11.13

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	123⅛	125⅛	+2⅛	2.14
Canon 7 97	7/82	708.2	209⅛	211⅛	−0⅛	9.08
Daiwa Sec. Co 5½ 98	10/83	508	96⅛	97⅛	+0⅛	1.86
Hitachi Cable 5⅛ 96	2/82	515	109⅛	110⅛	+1⅛	7.18
Honda Motor 5⅛ 98	6/83	884	118⅛	119⅛	+0⅛	1.67
Honda Motor 5⅛ 97	3/82	759.6	138	139⅛	+0⅛	1.71
Kumagai Gumi 6½ 97	10/82	400	134	135⅛	+0⅛	0.80
Kyowa Hakko 6⅛ 97	2/83	262	109⅛	111	−0⅛	8.86
Minebea Co. 5½ 98	6/83	687	117⅛	118⅛	−0⅛	−0.38
Mitsubishi Elec. 5⅛ 98	6/83	396	112	113	+0⅛	2.42
Nippon Electric 5⅛ 97	2/82	765.9	163⅛	165⅛	−1⅛	−0.24
Nippon Oil Co. 5⅛ 98	4/83	984	120	121	−0⅛	1.45
Nissan Motor 5⅛ 98	4/83	770	103⅛	105⅛	+0⅛	9.28
Olympus Optic. 6⅛ 97	12/82	1331	101⅛	103	−0⅛	19.85
Orient Finance 5⅛ 97	3/82	977.2	98⅛	100⅛	+0⅛	8.65
Orient Leasing 5⅛ 98	6/83	2680	95	96	0	7.09
Secom 5 98	11/82	2920	121⅛	123⅛	+0⅛	−0.64
Sumitomo Elec. 5½ 97	3/82	577.3	116⅛	118⅛	+0⅛	−0.20
Yamaichi Sec Co 9 98	8/83	472	96⅛	98⅛	+0⅛	−2.38
Yamanouchi Ph 4 90	10/81	1808	94⅛	95⅛	−0⅛	6.84
NEC Cpn. 3⅛ 93 SwFr	6/83	978	137	139	−1	−1.81
Snitsu Ppr 3⅛ 93 SwFr	9/83	718	103	105	+0⅛	11.90
Asica 5 92 DM	12/83	520	106⅛	107⅛	0	11.42
Konishiroku 6⅛ 88 DM	6/82	816	120⅛	121⅛	+1⅛	1.60
Sum Realty 6⅛ 92 DM	2/83	365	131	122	−0⅛	−6.08

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	6,246.0	12,033.6
Previous week	9,023.4	16,312.1
Other bonds		
Last week......	1,247.5	750.0
Previous week	1,765.2	1,867.7

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is tho yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rato (‡ three-month; § abovo mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.day= Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary markot exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring end Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on October 28

UK COMPANY NEWS

Book distribution boosts Websters Group to £0.4m

A SUBSTANTIAL increase in sales and profits has been achieved by the Websters Group of printers, publishers and wholesale book distributors. In the first half of 1983 all divisions have performed well, with the book distributing side showing a considerable advance from the depressed trading conditions of the earlier months of 1982.

For the period turnover moved up by £3.49m to £20.3m, while the profits before tax advanced from £135,000 to £405,000. The directors are confident about the second half, but the critical factor will be the buoyancy of trading during the pre-Christmas period. In the comparable six months of 1982 sales reached £23.5m and profit was £1.33m.

The first half profit was struck after interest paid of £153,000 (£118,000). Deducting tax £162,000 (£54,000) leaves the net profit at £243,000 (£81,000) for earnings of 2.06p (0.69p) per share. The interim dividend is 0.9p net (0.8p).

Two further bookshops—at Bexleyheath and Norwich—are due to open early next month. A new company, Websters Software, has been set up to market and distribute home computer software and has made a good start.

A decision was made in the early summer to enhance the range and quality of the Felix (video teaching system) products before embarking on a major sales drive. This extension of the development required additional finance and delayed the inflow of revenue.

However, the directors are confident that it has increased the prospects for Felix, which is expected to achieve a trading profit in the last quarter of the year.

BOARD MEETINGS

TODAY

Interims:—Gieves, Scott and Robertson, Tate of Leeds, Viking Resources Trust.

FUTURE DATES

Interims:—

Aquascutum	Nov. 17
BPB Industries	Nov. 30
Beales (John)	Nov. 10
British-Borneo Petroleum Synd.	Nov. 10
El Oro Mining and Expln.	Nov. 4
Exploration Co.	Nov. 4
Ferguson Industrial	Nov. 7
French Kier	Nov. 24
Imperial Cold Storage	Nov. 1
Llyod (F. H.)	Nov. 9
M.K. Electric	Nov. 21
Pentos	Nov. 9
Sketchley	Nov. 14
TR City of London Trust	Nov. 2
Valor	Nov. 10
Whitbread Investment	Nov. 23

Finals:—

Allied London Properties	Nov. 2
Bridport-Gundry	Nov. 7
Jessups	Nov. 8
Scottish National Trust	Nov. 15
Tiger Oats and National Milling	Nov. 2

Clayton Son cuts loss but omits interim

ALTHOUGH inroads have been, and are expected to continue to be, made into the losses at Clayton Son and Company (Holdings), the directors have decided to pass the interim dividend. Last year the payment was 0.9317p net.

They point to the decreasing amount of trade at present available to the company's industry, and say the main cause of a first half loss of £155,098 was the under-utilisation of plant in the fabricating and contracting section, together with the cost of relocating the pipe mill.

Principal products of the group are gas and oil storage tanks, pressure vessels, steel fabrication, mechanical and hydraulic machinery and machine tools. In the comparable period of 1982 the group incurred a loss of £604,000, and this had been reduced to £575,000 by the year-end.

The dividend position will be reviewed in the light of the year's trading. In 1982 there was a final of 5.0683p to make a 6p total.

In the 1983 half year sales came to £4.46m (£3.62m) from which the group incurred a loss of £246,262 (£612,060).

Ulster TV rises £100,000

TAXABLE PROFITS of Ulster Television advanced from £687,900 to £787,340 for the year ended July 31 1983 on turnover £1.08m higher at £11.38m. At halfway, pre-tax figures were ahead from £397,000 to £461,000.

Yearly earnings per 25p share rose by 6.7p to 22p and the dividend total is increased to 8p net, against 6.8p, with a final of 4.9p.

Television operating profits rose from £333,473 to £508,166. No provision required to be made for Exchequer levy for which the threshold is now £650,000.

Advertising revenue continues to represent almost the entire income of the company and, at £11.04m for the year was 9.5 per cent up on the previous £10.08m.

Investment income was marginally higher at £208,962 (£204,000), while, as a result of fewer disposals, profit on the sale of investments dropped from £150,165 to £102,862. A provision for potential loss on investments accounted for £33,000

Trident Computer lower

A £141,000 fall to £101,000 in full year pre-tax profits was experienced by Trident Computer Services Group, but management figures for the opening two months of the current year show that profits are "appreciably ahead" of budget.

The directors state that decisive action taken is having its desired effect, and current demand for the group's services is buoyant.

Gross profit from the main business of computer contract staff increased as a direct result of increased sales.

The reduction in group profits was principally caused by increased overheads, the cost of launching the American subsidiary, and a £54,000 fall in interest receivable.

Turnover rose from £3m to £3.38m during the 12 months.

The dividend total is held at 1.5p net with a unchanged final payment of 1p. The joint managing directors intend to waive dividends to the extent of 1.4p on 1,338,330 shares.

Earnings per 10p share are given as 2.3p, down from 4.9p, with after tax profits at £59,000 against £124,000. Costs arising from the terminating of the manufacture of computer terminals have been dealt with as an extraordinary loss.

E. Upton may return to profits next year

REMEDIAL ACTION undertaken by E. Upton and Sons coupled with an improving trend in basic trading could return the company to profits in 1984, say the directors in their interim statement.

The forecast is made as interim losses, of this department store operator, are shown as rising from £218,000 to £331,000 for the six months to August 9, 1983.

However, they point out that £120,000 of the loss is a direct result of costs arising from refinancing of customers credit arrangements and non-recurring costs associated with the closure of the South Field Road premises.

They estimate that total costs for the closure will be in the region of £180,000 for the year.

Further losses, they add, are attributable to excessive markdowns and wastage during the period. Action has been taken to reduce these costs.

Also, a big reduction in interest charges has been made, which will be further decreased next year.

Therefore, they add, on basic trading the company is on an "improving trend" but not to an extent which would eliminate the loss incurred in the first half.

In his annual statement for last year Mr John E. Upton, chairman, said high unemployment on Teesside continued to be the principal factor affecting sales and trading margins. In the opening half of this year turnover fell from £2.84m to £2.82m.

For the year to January 25, 1983 turnover was £6.14m against £5.83m and a trading loss of £0.25m compared with £0.22m was incurred.

The dividend is again omitted.

S. Simpson

Following a sharp uplift in second half profits from £167,000 to £470,000, S. Simpson finished the year to the end of July 1983 with a recovery in pre-tax profits from £402,000 to £843,000. Turnover of this tailor and clothier, which is a close company, expanded from £22.95m to £27.03m.

The net final dividend has been lifted from 2.1875p to 2.6875p, which raises the total from 3.5p to 4p. Earnings per 25p share increased from 4.14p to 10.13p.

Aero Needles

A sharp upturn in first-half 1983 pre-tax profits from £50,000 to £195,000 has enabled Aero Needles Group to continue the payment of preference dividends and reduce the level of arrears. Turnover of this maker of needles and general smallwares rose from £4.61m to £5.17m.

Norman Hay

A marked improvement in pre-tax profits from £169,000 to £246,000 has been shown by Norman Hay for the first half of 1983. Turnover of this electroplating and anodising concern expanded from £2.53m to £2.68m.

The net interim divdend has been held at 1.25p.

Philip Hill Inv.

Net earnings at Philip Hill Investment Trust expanded from £3.44m to £3.73m for the half year to the end of September 1983, on gross revenue up from £5.91m to £6.45m.

Gross assets, after providing for ordinary dividends, grew from £205.32m to £241.83m, which is equivalent to 248.8p (206.4p) per 25p share.

The net interim dividend is held at 2p

Share information

The following securities have been added to the share Information Service:

Central Independent Television (Section: Leisure); Ivory & Sime (Trust—Finance, Land); Park Food Group (Food, Groceries, Etc); Personal Assets Trust (Investment Trusts); RTD Group (Engineering); Tunax Resources N.L. (Mines—Australians).

MINING NEWS

Peko-Wallsend £31m cash call

BY GEORGE MILLING-STANLEY

AUSTRALIA'S Peko-Wallsend has set about the task of rebuilding its financial position following the successful takeover of the iron ore producer Robe River earlier this year.

Peko, a diversified mining and industrial group, plans to raise A$49.3m (£30.8m) through a rights issue.

The terms are one new share for every six held at a price of A$4.25 (266p). This is a discount of more than A$2 on Friday's closing price in Sydney, and compares with the London closing level of 374p.

Peko succeeded in its offer for Robe River after a bid battle with Pancontinental Mining. The final price was around A$113m.

Robe River's principal asset is a stake of 35 per cent in the big Robe River joint venture in Western Australia's Pilbara region, estimated to contain over 1bn tonnes of iron ore.

Mr Keith Hawkerstone told the annual meeting that shareholders can expect a more reasonable dividend in the current year, given a continuation of the present trend in profits and the addition of the iron ore company.

The rights issue document suggests that the current annual rate of 5 cents per share will be maintained on the increased capital.

Peko staged a comeback to profits in the year to June 30, largely on the back of a fine performance from the Ranger uranium operations in the Northern Territory, run by Peko's 30.5 per cent-owned associate Energy Resources of Australia.

Net profits came out at A$18.29m, compared with a loss in 1981-82 of A$13.18m.

Costs and tax hit Lac

INCREASED operating costs and a higher effective tax rate have combined to cut into the profits of Canada's gold-producing Lac Minerals in the first nine months of the year.

Net profits for the period are down by 10 per cent to C$17.9m (£9.9m) or 76 cents a share, reports John Soganich in Toronto.

However, the third quarter shows an improvement of the three months to June, with net profits of C$6.54m against C$5.11m.

Third quarter gold production was 64,214 ounces, similar to the level of the second quarter but well above the 47,921 oz for the September quarter of 1982.

This brings the total for the year to date to 189,014 oz, compared with 143,681 oz after the first nine months of last year. That puts the group on target for the planned expansion to an annual rate of 240,000 oz, up from just over 200,000 oz in 1982.

Lac's policy of forward sales of its output, so successful in the past, is continuing, with about three-quarters of 1984 production already sold forward at a price not far short of U.S.$450. This compares with Friday's London closing level of $386¼.

Falconbridge cuts losses

CANADA'S Falconbridge, the number two in the country's nickel mining business after Inco, has further reduced losses to C$1.1m (£600,000) in the third quarter. This leaves the company with a nine months' loss of C$30.5m, or C$4.55 per share, compared with C$56m in the same period of 1982, reports John Soganich from Toronto.

Dr William James, the chairman, says: "Nickel prices realised by the company continued their upward trend, but the increases have been less than satisfactory. This is a result, in part, of continuing economic uncertainty, the liquidation of speculative positions by some major European dealers and an over-supply of lower purity forms of nickel."

He adds that, "the price of copper, the company's other major product, also remains at low levels," and concludes that Falconbridge intends to remain among the lowest cost metal producers in order to remain competitive in world markets.

BIDS AND DEALS ROUND-UP

W. E. Norton (Holdings) has entered into a conditional agreement for the acquisition of the assets and business of Car Alarm Company, a sole trader based in Merseyside and engaged in the installation, rental and maintenance of intruder alarm installations and other security equipment.

The consideration is £400,000 cash, together with a further sum equal to the value of stocks and cash balances of CQR as at November 1 1983 and expected to be approximately £32,000.

CQR services around 1,200 installations in the Merseyside area under annual rental and maintenance agreements.

★

Unconditional offers by Plantation and General Investments for ordinary shares and 12 per cent convertible unsecured loan stock 1991 of Telfos closed on October 26.

Acceptances, including those which are not complete in all respects, have been received for 178,644 ordinary (3.41 per cent) which, together with the 2.51m shares (47.93 per cent) held by P and G group before the offer was announced, bring the total holding of the P and G group to 2.69m shares (51.33 per cent).

Acceptances have also been received for £22,293 nominal (1.88 per cent) of the loan stock.

★

Bremar Trust has issued details of the Honeyfall acquisition. The Bremar board says the level of trading for the second half of the current year is in excess of the comparable period last year.

In 1984, the directors anticipate contributions from the licensed deposit taker, B. Raphael & Sons, and from the 34 additional sites for which licensing and leasing agreements were recently concluded by Joydulce.

Following completion of the acquisition of R. Raphael, the board has approved the subscription by BT of approximately £700,000 additional equity capital.

As known, Bremar Trust is to change its name to J. J. & D. Frost.

★

The offer by Taubman UK Investments for the preference shares of Sotheby Parke Bernet Group has become unconditional. The ordinary and option offers have already become wholly unconditional, and all the offers have been extended until further notice.

★

Laurel Company SA has sold its holding of 311,719 shares (29.3 per cent) in Jacksons Bourne End to its subsidiary Investment Company which already holds 355,647 shares (33.5 per cent).

There is no change in ultimate ownership of the company.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§10	F.P.	7/10	24	20½	✱A. & M. Hire 10p	22	......	b0.1	11.1	0.7	15.9
¶120	F.P.	23/11	116	103	✱Acorn Computer 1p	103	−1	—	—	—	24.5
¶230	F.P.	2/11	295	237	Atlantic C'mp'ters 10p	290	−5	b2.25	6.2	1.1	15.3
¶435	200	10/2	220	185	Brit. Petroleum	185	−4	20.25	1.9	6.9	11.7
200	F.P.	—	215	180	††Bryson Oil & Gas 20p	180	−10	—	—	—	—
¶105	F.P.	28/10	108	107	Coin Inds. 10p	107	......	3.3	2.4	4.4	15.5
§60	F.P.	28/10	80	75	✱DJ Security Al'm 10p	80	+5	t2.1	b3.0	3.5	11.3
§75	F.P.	16/12	81	76	✱Edinb'gh Fd.Man 5p	79	......	bg1.8	2.8	0.3	15.4
97	F.P.	30/11	107	97	Europ'n Assets 0 Fl. 1	106	−1	ft Q10%	1.0	2.1	—
‖ ‖	F.P.	—	005	305	FAI Insurance 50 cts.	300	......	Q34%	4.0	3.4	7.3
140	F.P.	4/11	170	138	✱Flextech 10p	138	−2	—	—	—	20.8
§00	F.P.	12/10	74	00	✱Freshbake Foods 5p	72	......	bg1.7	2.7	3.4	12.6
§21	F.P.	25/11	91	87	✱Intec Group 10p	87	......	u2.1	9.5	3.5	13.1
—	F.P.	11/11	35	21	Lon. Midland IndD'fd	31	−1	...	—	—	—
§65	F.P.	31/10	71	66	✱Mainmet Hldgs 10p	71	......	—	—	—	74.5
¶285	F.P.	25/11	310	290	Oxford Instruments 5p	302	+2	p1.0	8.5	0.0	31.1
§150	F.P.	4/11	161	156	✱PCT Group 10p	156	......	p4.8	2.1	4.4	14.7
185	F.P.	11/11	234	214	Telemetrix 5p	218	−2	b1.4	5.5	0.9	28.4
100	F.P.	25/11	100	87	Tottenham Hotspur	93	......	b4.0	1.9	6.1	10.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
99.296	£20	29/11	28	22	Allied-Lyons 11¾% Deb 2009	90½	......
96.730	£25	16/2	20⅝	95¾	Australia 11⅞ pc. Ln. 2010.	20⅛	+⅛
¶100	£10	2/1	19	11½	Bristol Waterworks 6.5% Red. Prf.1988	12	......
100	F.P.	27/10	105½	101	E'tbourne W'rworks12½pcR.Deb.2004	105½	+½
97.268	£25	23/1	26¾	25	Ireland 19⅞% 2008	95½	+½
¶100p	25p	9/12	33¼p	20p	LASMO 8⅝% Cum Red Pref	32p	+¼
‖	Nil	10/11	3pm	½pm	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II.	2½pm	+1
—	F.P.	—	100	99⅞	Nationwide 10⅞% Bds. 8/10/84	100	...
—	F.P.	28/10	118¼p	106p	Oceonics 10¼% Cum. Red. Pref. 1995	110p	......
§100	F.P.	7/10	103p	90p	Rockware 7.7% Cum. Cnv. 2nd Pref.	95p	+5
¶100	£10	—	12	12	Sund'ld+S.ShaildsWtr6½pcRPF. 1989	12	......
98.079	F.P.	31/8	98	93½	Trafford Park Est. 11¾% 2007/10	97	......
99.124	F.P.	25/10	103¾	98¾	Westland 12⅛% Deb 2008	102	......
¶100	F.P.	17/11	102	101¾	York Waterworks 8.75pc Red. Prf. 1988	101¾	

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
7	Nil	—	—	1¾pm	1¼pm	Amal. Estates 5p	1¼pm	......
IR30	Nil	—	—	23pm	7pm	Aran Energy 90p	23pm	+11
80	F.P.	—	20/11	93	89	Assoc. Paper	93	......
95	F.P.	—	30/11	27	94	C. H. Industrials 10p	20	......
82	Nil	—	9/12	5pm	0pm	Cartwright (R.) 10p	0pm	......
50	F.P.	—	11/11	81	50	✱Coleman Milne 10p	50	......
660	Nil	—	11/11	70pm	70pm	✱Continental Microwave	70pm	......
20	F.P.	—	18/11	52	41	Inter-City Inv. 20p	43	......
970	Nil	—	11/11	42pm	30pm	Lex Service	40pm	−2
120	Nil	7/11	9/12	21pm	7pm	MFI Furniture 10p	21pm	......
11	F.P.	...	20/11	42	16	✱Parkfield Foundries 0p	38	
120	F.P.	—	11/11	138	128	Pritchard Servs.	130	......
8½	Nil	—	9/12	8½pm	5½pm	✱Sampang (Java) 2½p	7½pm	
210	F.P.	—	11/11	240	225	Utd. Newspapers	233	......
86	Nil	...	—	7pm	3pm	Ward White	7pm	......
‖	Nil	—	—	108	93	Western Mining Options	100	+4

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✱ Unlisted Securities Market.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Akroyd and Smithers	Nov 12	Final 10.0
Allied Irish Banks	Nov 8	Interim 4.5
Allied Lyons	Nov 30	Interim 2.2
Allnatt London Properties	Nov 8	Interim 1.0
Amersham International	Nov 15	Interim due
*Anglo American Corpn SA	Nov 8	Interim 35c
Assoc British Foods	Nov 11	Interim 1.5
Assoc Leisure	Nov 30	Interim 2.0
*ANZ	Nov 21	Final 14 cents
Avon Rubber	Dec 8	Final nil
BOC	Dec 8	Final 3.14
*BPB Inds	Nov 30	Interim 5.0
Baker Perkins	Dec 7	Interim 2.1
*Bank of Ireland	Nov 10	Interim 8.0
Bass	Dec 7	Final 7.44
Beecham	Nov 14	Interim 4.1
Boots	Nov 25	Interim 3.5
Brengreen	Nov 22	Interim 0.5
*BCA	Nov 1	Final 2.5
Brit & Commnwlth Shipping	Nov 11	Interim 7.0
Brockhouse	Nov 25	Final 0.1
Brown (Matthew)	Dec 8	Final 5.55
Burnett and Hallamshire	Nov 25	Interim 8.0
Burton	Nov 23	Final 5.25
Capital and Counties	Dec 1	Interim 1.2
Carless Capel	Dec 7	Interim 1.0
Carr (J.) Doncaster	Nov 25	Final 1.3
Charter Consolidated	Nov 30	Interim 3.75
Coalite	Dec 7	Interim 1.55
Comet	Nov 24	Final 2.93
Common Bros	Nov 22	Final nil
Courtaulds	Nov 25	Interim 1.0
Davis (Godfrey)	Nov 12	Interim 1.5
Dawson International	Dec 1	Interim 2.2
*De La Rue	Nov 8	Interim 2.6
Electrocmpts	Nov 9	Interim 1.0
Elliott (B.)	Nov 23	Interim nil
Extel	Nov 25	Interim 2.5
*Ferguson Industrial	Nov 7	Interim 2.2
Ferranti	Dec 2	Interim 1.8
Fine Art Devs	Dec 1	Interim 1.1
*Flight Refuelling	Nov 1	Interim 1.19
*French Kier	Nov 24	Interim 1.25
GEC	Dec 2	Interim 1.0
*Great Portland Estates	Nov 9	Interim 1.0
GUS	Dec 9	Interim 0.0
Greenall Whitley	Dec 6	Final 1.986
Hall (Matthew)	Dec 6	Interim 1.195
*Hambros	Nov 21	Interim 15.15
Hanson Trust	Dec 6	Final 3.5
*HAT Group	Nov 21	Interim 1.5
Neath (C. E.)	Nov 23	Interim 5.0
*Hepworth (J.)	Nov 2	Final 3.21
Hinton (Amos)	Nov 23	Interim 2.4
IC Gas	Dec 7	Interim 3.0
Int'l Paint	Nov 15	Final 2.0
*Johnson Matthey	Nov 23	Interim 3.0
*Kwik Save	Nov 17	Final 3.4
LRC Intl	Nov 29	Interim 1.05
Land Securities	Nov 17	Interim 3.0
London and Liverpool Tst	Nov 18	Interim 1.5
*Lucas Inds	Nov 7	Final 8.0
*Marks and Spencer	Nov 2	Interim 1.85
Marshalls Halifax	Nov 29	Interim 1.0
*Metal Box	Nov 22	Interim 5.04
*MEPC	Nov 30	Final 5.25
*National Bank Australia	Nov 10	Final 12 cents
North British Properties	Nov 3	Final 2.0
Paals and Whites	Dec 2	Interim 2.5
Pegler-Hattersley	Dec 3	Interim 4.0
*Pilkington Bros	Dec 7	Interim 5.0
Polly Peck	Nov 25	Final 9.0
Powell Duffryn	Nov 25	Interim 4.7
RHM	Dec 7	Final 2.333
RHP	Dec 9	Final 2.0
RIT & Nrthm	Nov 10	Interim 2.0
Radiffusion	Nov 26	Interim 1.25
*Reed Intl	Nov 2	Interim 4.0
Redland	Nov 25	Interim 2.94
Renold	Nov 25	Interim nil
Rothmans International	Dec 8	Interim 1.3
Royal Bank of Scotland	Dec 2	Final 3.9
Saatchi and Saatchi	Dec 9	Final 5.2
Sainsbury (J.)	Nov 3	Interim 1.9
Scapa	Dec 3	Interim 3.0
600 Group	Dec 9	Interim 2.34
*Sketchley	Nov 14	Interim 3.8
Smiths Inds	Nov 2	Final 7.0
Smith (W. H.)	Nov 17	Interim 1.75
Sterling Guarantee	Dec 8	Interim 0.25
Tecalemit	Dec 7	Interim 0.8
Tesco Stores	Nov 17	Interim 1.25
Trafalgar House	Dec 2	Final 3.7
Unilever	Nov 10	Interim 9.86
Unilever NV	Nov 10	Int Fl 2.884
*Valor	Nov 10	Interim 0.934
Ward and Goldstone	Dec 10	Interim 1.0
Wedgwood	Nov 25	Interim 1.75
Westland	Dec 8	Final 4.75
*Whitbread	Nov 8	Interim 1.65
*Wolseley-Hughes	Nov 2	Final 10.29
Wolverhampton & Dudley Brws	Dec 7	Final 4.25

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FINANCIAL TIMES STOCK INDICES

	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 21	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Government Secs.	81.70	81.75	81.94	81.60	81.43	81.60	83.60	77.00	127.4	49.18
Fixed Interest	85.16	84.90	85.18	84.92	84.90	84.96	85.16	79.03	150.4	50.53
Industrial Ord	691.1	694.0	690.0	689.0	685.5	689.8	740.4	598.4	740.4	49.4
Gold Mines	475.8	478.3	509.3	527.1	520.8	516.0	734.7	475.8	734.7	43.5
FT-Act. All-Share	431.09	432.54	431.68	430.91	428.85	430.93	465.74	382.22	465.74	61.92

LADBROKE INDEX

688-693 (−6)

Based on FT Index

Tel: 01-493 5261

Closing prices October 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 23

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices October 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
25	7¼	WebbD			40	194	17½	16½	16½	-½
40½	29	WeisM	.56	1.9	14	3	31½	31⅛	31½	-¼
39¾	26	WellsF	1.92	5.6	6	3522	35½	33⅝	34	-1¼
50½	45	WelF	pf2.69e	5.5		2	48⅞	48⅝	48⅝	+⅛
30	23⅝	WelFM	2.60	9.5	9	67	28¼	28½	28½	
19⅝	13	Wendy	.24	1.4	15	717	18⅛	17⅜	17⅝	-⅜
32¼	17½	WestCo	.43	1.4	15	28	28½	29	28½	+½
41	36	WPenP	pf4.50	12		z200	39	38	60	+2
53	34¼	WstPtP	2.20	4.6	9	640	49	47⅝	47⅝	-⅜
12⅝	16¼	WstctT	g1.04			10	12¼	12¼	13⅝	-⅛

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

Indices

NEW YORK DOW JONES

	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 21	1983 High	1983 Low	Since C'mpil'n High	Since C'mpil'n Low
● Industr'ls	1225.48	1242.07	1243.80	1252.44	1249.38	1248.88	1284.65 (10.10)	1027.04 (3/1)	1284.65 (10/10/83)	41.22 (2/7/32)
H'me Bnds	71.45	71.47	71.43	71.51	71.65	71.92	77.84 (8/5)	69.85 (3/8)	—	—
Transport	576.61	580.44	580.25	590.57	593.29	590.30	595.29 (24/10)	434.24 (3/1)	595.29 (24/10/83)	12.38 (8/7/32)
Utilities	139.26	139.68	140.22	130.60	132.07	138.82	140.22 (26/10)	119.51 (3/1)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	81,180	79,570	72,570	82,538	85,420	91,640	—	—	—	—

● Day's high 1249.68 (1242.09) low 1217.07 (1230.48)

	Oct. 21	Oct. 14	Oct. 7	Year ago (Approx)
Indust'l div. yield %	4.46	4.41	4.38	5.48

STANDARD AND POORS

	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 21	1983 High	1983 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	183.80	185.55	186.22	187.60	187.08	187.06	194.84 (10/10)	154.95 (3/1)	194.84 (10/10/83)	3.52 (30/6/32)
Comp's'te	163.37	164.84	165.38	166.47	165.99	165.95	172.65 (10/10)	138.34 (3/1)	172.65 (10/10/83)	4.40 (1/6/32)

	Oct. 26	Oct. 19	Oct. 12	Year ago (Approx)
Indust'l div. yield %	3.97	3.95	3.85	4.72
Indust'l P/E ratio	14.31	14.45	14.73	9.52
Long Gov. Bond yield	11.58	11.38	11.57	10.66

N.Y.S.E. ALL COMMON

Oct. 28	Oct. 27	Oct. 26	Oct. 25	1983 High	1983 Low
94.28	95.06	95.41	95.98	99.63 (10/10)	80.92 (3/1)

Rises and Falls	Oct. 28	Oct. 25	Oct. 27
Issues Traded	1,931	1,951	1,032
Rises	557	889	515
Falls	992	684	817
Unchanged	382	378	402
New Highs	26	26	27
New Lows	31	17	26

MONTREAL

	Oct. 28	Oct. 27	Oct. 26	Oct. 25	1983 High	1983 Low
Industrial	416.11	418.90	422.37	429.90	468.90 (26/5)	331.18 (4/1)
Combined	399.75	402.95	405.25	418.67	441.29 (26/9)	323.12 (4/1)
TORONTO Composite	2363.5	2371.8	2384.5	2416.1	2556.2 (26/8)	1949.8 (4/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
CSX Corp	2,160,250	24⅛	—	Cons Power	1,116,600	18⅞	−1
Comodore	1,413,700	31½	−⅛	IBM	1,105,800	128	−1½
Perkin-Elmer	1,232,500	26	−4	Chrysler	1,060,100	27⅛	−1⅛
ATT	1,218,400	67⅛	−⅛	Gen Motors	992,600	77	−1⅛
Am Express	1,120,600	32¼	−1⅛	Financial Crp	969,400	21	—

	Oct. 28	Oct. 27	Oct. 26	Oct. 25	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	682.7	677.2	677.4	677.0	735.7 (12/9)	437.8 (4/1)
Metals & Mnls. (1/1/80)	504.2	499.1	500.1	503.9	614.2 (5/9)	411.0 (4/1)
AUSTRIA Credit Aktien (2/1/62)	54.25	54.32	(s)	54.35	60.8 (5/5)	48.48 (15/2)
BELGIUM Belgian SE (31/12/63)	122.73	123.38	124.11	124.52	134.46 (1/8)	100.50 (4/1)
DENMARK Copenhagen SE (3/1/83)	199.05	200.54	198.70	197.72	204.22 (16/9)	100.00 (3/1)
FRANCE CAC General (31/12/82)	141.5	141.2	141.2	140.6	141.5 (17/10)	95.1 (5/1)
Ind Tendance (31/12/82)	149.5	149.6	149.6	149.7	150.2 (17/10)	99.8 (5/1)
GERMANY FAZ-Aktien (31/12/58)	339.29	338.28	340.08	343.06	345.06 (25/10)	247.85 (25/1)
Commerzbank (Dec 1953)	1006.9	1003.4	1009.2	1017.5	1017.5 (25/10)	727.9 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	826.15	815.28	797.85	772.92	1102.64 (21/7)	690.06 (4/10)
ITALY Banca Comm Ital. (1972)	185.71	185.82	185.92	184.61	214.95 (21/5)	180.45 (10/1)
JAPAN** Nikkei-Dow (16/5/49)	9521.37	9323.00	9346.55	9232.77	9585.25 (12/10)	7803.18 (25/1)
Tokyo SE New (4/1/68)	683.30	683.68	678.15	676.07	690.00 (7/10)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	137.1	137.4	138.5	140.5	144.8 (11/10)	100.1 (4/1)
ANP-CBS Indust (1970)	112.0	112.4	115.9	114.6	118.4 (10/10)	83.5 (4/1)
NORWAY Oslo SE (4/1/83)	203.38	205.69	207.59	208.28	217.60 (10/10)	95.01 (4/1)
SINGAPORE Straights Times (1966)	946.89	945.62	945.62	948.82	992.62 (25/8)	712.35 (3/1)
SOUTH AFRICA Gold (1958)	691.6	(u)	727.1	740.7	1099.5 (7/2)	691.8 (28/10)
Industrial (1958)	891.2	(u)	901.6	904.0	966.7 (28/8)	784.9 (3/1)
SPAIN Madrid SE (31/12/82)	125.23	125.25	122.41	121.89	125.25 (28/10)	98.82 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1456.35	1439.24	1422.70	1402.64	1528.60 (8/8)	896.18 (5/1)
SWITZERLAND SwissBankCpn. (31/12/58)	343.0	344.5	342.3	342.0	347.8 (4/8)	234.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	178.5	179.6	179.5	185.8 (18/10)	154.3 (5/1)

(**) Saturday Oct. 22: Japan Nikkei-Dow 9318.98 TSE 680.98.
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. (s) Closed. (u) Unavailable.

AUSTRIA

1983 High	1983 Low	Oct. 28	Price £
220	206	Creditanstalt Pfd.	210
370	181	Goesser	310
410	358	Interunfall	410
217	201	Laenderbank	210
400	255	Perlmooser	326
179	148	Steyr Daimler	150
262	171	Veitscher Mag	201

BELGIUM/LUXEMBOURG

1983 High	1983 Low	Oct. 28	Price Frs.
1,435	990	ARBED	1,166
4,750	3,700	Bank Int A Lux	4,550
5,300	2,030	Bekaert B	0,880
2,090	1,595	Ciment BR	1,950
182	86	Cockerill	150
4,715	3,660	Delhaize	4,350
2,525	1,875	EBES	2,160
6,310	4,460	Electrobel	6,000
2,900	2,200	Fabrique Nat	2,200
3,200	2,710	GB Inno BM	2,880
2,425	1,450	GBL (Brux)	2,420
2,500	1,760	Gevaert	2,450
5,080	3,600	Hoboken	4,430
2,000	1,724	Intercom	1,725
6,510	4,300	Kredietbank	6,200
2,250	4,300	Pan Hldgs	9,200
6,050	4,610	Petrofina	5,370
7,240	6,910	Royale Belge	6,950
3,000	2,305	Soc. Gen. Banq	2,685
2,025	1,200	Soc. Gen. Belge	1,700
5,270	3,795	Sofina	4,625
3,460	2,180	Solvay	5,225
3,500	2,645	Tractionel	2,910
4,280	2,620	UCB	3,880
4,400	2,210	Vieille Mont	2,940

DENMARK

1983 High	1983 Low	Oct. 28	Price £
556.4	239.6	AarhusOlie	470
320	160	Andelsbanken	289
598	321	Baltica Skand	543
300	178.6	CopHandelsbank	289
830	408.6	D. Sukkerfab	790
322.6	107	Danske Bank	292
188	88.6	East Asiatic	149
1,350	650	Forenede Brygg.	1,335
298	148	Forenede Damp.	195
557	176	GNT Hldg.	530
765	270	I.S.S.B.	765
650	297	Jyske Bank	611
3,425	1,935	Novo Ind.	3,125
324	185.4	Privatbanken	290
385	157.6	Provinsbanken	335
334.6	170	Smidth (FL)	257
1,978	583	Sophus Berend.	990
480	97.2	Superfos	450

CANADA

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SOUTH AFRICA

[illegible]

SPAIN

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 23

[illegible]

NEW YORK CLOSING PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 23

[illegible]

INSURANCE

Licensing scheme aims at salesmen

BY ERIC SHORT

THE THREE life associetions — the Life Offices Association (LOA), the Associated Scottish Life Offices and the Industrial Life Offices Association — have taken another step towards controlling life assurance salesmen through a system of licensing or certification.

Last week, they released details of e scheme devised after months of discussioo between member life companies. The associations are seeking tha views of all interested parties.

The associations beve chosen not to wait for Professor Jim Gower's final report on investor protection, not expected until early next year. The report will have a major section on lifa assurance selting.

For decades, there has been little control over life salesmen, except that exerted by individuat companies over their own field force. This is open to abuse. The public, by and large, is still ignorant of tife assurance and pension matters, so it puts implicit trust in the salesmen. Thus the public is entitled to expect that the person selling them life assurance is both competent and honest.

The associations' schema envisages no one being able to sell tife assurance until they qualified for a certificate. To do so, they would have to conform with certain minimum standards of expertise and abide by a code of conduct.

The standards would be laid down by a central body but the scheme envisages that certificates would be granted mainly by the insurance company employing the salesmen. The controlling body would authorise the insurance company to issue certificates, providing the company met necessary standards of recruitment, training, supervision and ethical conduct of its salesmen.

A salesman would lose his certificate, and thus his ability to sell tife assurance, if found guilty of "malpractice or dishonesty." His name would be entered in a black list—a confidential central register maintained by the controlling body.

All life companies would be required to consult the register before taking on a new salesman. If a person's name was on the list then the company hiring him would have to consult the company responsible for the entry before deciding whether to hire the salesman.

The intention is to stop the dishonest salesman from starting afresh with another company.

The proposals set out an appeals procedure if an entry is made on tha register. To be effective, it means life companies must dismiss e salesman for dishonesty and enter his name on the list and not follow a practice of asking him to resign.

The major defect of the scheme is that the associations give oo indicatioo of minimum standards. The problem is that the UK life assurance industry covers many companies with a wide variety of marketing operations. To get acceptance of the scheme, associations have to fix standards acceptable to all member companies.

The danger is that the standards selected will be too low. The public will regard the certificate issued to the salesman as a seal of approval, so standards must be bigh.

For example, it will be useless simply to state that life companies must give training to newly-appointed salesmen unless it is made clear what that training should cover. Salesmen must demonstrate their ability at the end of training and this implies some form of test. The controlling body must at least indicate the nature of the test, though preferably it should control testing itself. The controlling body must continually check training courses and examinations and revise and keep standards up to date.

Mr Michael Oppe, secretary-general of the LOA, said one purpose in giving the scheme a wide circulation was to ascertain views on standards. The associations could well be looking to the report of Professor Gower who advises the Department of Trade on company law, to do that job for them.

The associations could do worse than look at the pilot licensing scheme recently launched by the UK branch of the Imperial Life Assurance Company of Canada.

Mr Roger Wain, the company's chief UK executive, says the scheme has been enthusiastically welcomed by its 400-strong sales force.

Details of the proposed scheme can be obtained from the Life Offices Association, Aldermary House, Queen Street, London EC4 N1TP.

WEEK'S FINANCIAL DIARY

The following is a record of the prinalpal business and financial engagemeots during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly oo last year's timetable.

TODAY

COMPANY MEETINGS—

Armstrong Equipment, Queens Hotel, City Square, Leeds, 12.00
Boardman (K. O.) Intnl, St James's House, 7, Charlotte Street, Manchester, 12.00
Aranon, Rubens Hotel, Buckingham Palace Rd, SW, 3.30
Cocksedge, Rapier Street, Ipswich, Suffolk, 12.00
Epicure, Charing Cross Hotel, Strand, WC, 12.00
GT Japan Inv Tst, Park House, 16, Finsbury Circus, EC, 12.30
Globe and Phoenix Gold Mining, 24, Gilbert Street, W, 12.00
Ind Finance & Inv Corp, Armourers Hall, 81, Coleman Street, EC, 12.00

[illegible]

Nationwide Bldg Soc [illegible] 31/10/83 £5.1321
Newarthill 8¼pcPf 2.8875p
North (James) Sons 7¼pcLn 1987-02 3⅝pc
Nova Scotia 10¼pcLn 2011 5⅛pc
Octopus Publishing 3p
Photax 11pcPf 5.5p
Plessey Connectors 7¼pcDb 1985-90 3⅝pc
Portsmouth Sunderland Newspapers 8pcPf 2.8p
OHP 8pcLn 1984 4pc
Rank Org 10¼pcLn 1997-2002 5⅛pc
Ranks Hovis McDougall 6½pcLn 1985-88 3¼pc
Renwick Grp 4.9pcPf 2.45p
Rivlin (D. S.) 0.1p
Rosedimond Inv TD 3.48p
St Helens 11¼pc 1985 [illegible]
Samuel (H.) [illegible] 1979-84 [illegible]

[illegible]

DIVIDEND & INTEREST PAYMENT—

Air Call 1.85p
Barrow Hepburn 0.8p
Brit Aerospace 3.5p
Cambridge Electronic Inds 1.8p
Clifford's Dairies 2p. A NV 2p
Electro-Protective 6cts
Harmony Gold Mng 78.8787p
Hoskins & Horton 2.5p
Jamesons Chocolates 2p
Jenks & Cattell 1p
Kean & Scott 0.333p
Lndn & St Lawrence Inv 0.875p
Lndn Merchants Secs 1.05p
McLaughlin & Harvey 2p
Pearson (S) 5p
Pritchard Servs 1p
Refuge Assurance 7p
Rentokil 06.675p
Sharpe & Fisher 0.61p
Stewart Wrightson 3.85p
Telfos 0.42p
U.S. Debs 2.25p
Walker (Thomas) 0.6p
Wilkes (James) 1.5p
Willis Faber 6p

SATURDAY, NOVEMBER 5

DIVIDEND & INTEREST PAYMENTS—

Credit Nat 13½pcGtdNts 1989 Rg 6¾pc. 13½pcGtdNts 1993 Rg 6¾pc. 13½pc GtdNts 1989 Br 6¾pc. 13½pcGtdNts 1993 Br 6¾pc
Grampian 1.5p
Parker-Knoll 6p. A 0p
Scot Nrthrn Inv Trst 0.96p

SUNDAY, NOVEMBER 6

DIVIDEND & INTEREST PAYMENTS—

Assoc Brit Foods 7¼pcDb 1988/93 3⅝pc
Brixton Est 7½pc1stMtgDb 1987/92 3¾pc
Brooke Bond 7pcLn 2003/08 3½pc
Burton 7pcLn 1986 3½pc
Carpets Intnl 8¼pcDb 1992-97 4⅛pc
Courtaulds 6pcRd2ndPrf 2.1p. 6½pcLn 1994/96 3¼pc. 7½pcLn 1994/96 3¾pc
Delta 10¼pcDb 1995/99 5⅛pc
Distillers 7¼pcLn 1988/03 3⅝pc
Eleco 7½pcDb 1985/91 3¾pc
Horst (C) Motors 7½pcDb 1986/91 3¾pc
Intnl Bk for Rec Dev 13½pcLn 1986 Rg 7¼pc
Metal Box 10½pcLn 1992-97 5¼pc
Tilling (T) 8½pcLn 1989/94 4¼pc

£19m work for Balfour Beatty

The power transmission division of BALFOUR BEATTY has been awarded a £19m cootract for the design, supply of the steelwork, and the construction of the 322 km 400 kV double circuit transmisisoo lino from Aqaba to Amman. The project includes the fabrication and galvanising of around 18,000 tonnes of structural steelwork which will be undertaken by Painter Brothers of Hereford, a part of the Balfour Beatty Group. The client is the Jordan Electricity Authority. Work will be engineered by Preece Cardew and Rider of Brighton. The survey phase will start shortly and completion is scheduled for the end of May 1986. Finance for the UK export content of the contract is being arranged by Schroders with the support of the Department of Trade and Industry. Balfour Beatty is a member of the BICC Group.

★

COSTAIN GROUP has been awarded cootract worth £8.2m. Costain Civil Engineering has won a £5.9m contract for phase 3 of the Rochester Way relief road, south-east London, for the GLC. The contract comprises the construction of 17.5 km of diaphragm walls using 33,000 cubic metres of concrete. Three bridges and a "green link" footbridge will be constructed at Westmount Road, Glenesk Road and Riefield Road. The project is due for completion in mid 1985.

Costain Construction, Glasgow, has won a £2.3m contract to fit out a British Home Store in Ayr. Situated in the High Street, it will form part of the Buttermarket development. Work involves structural alterations comprising a new staircase, escalator and lifts, together with furnishing and fitting out of the sales area, public restaurant and toilets, kitchen and preparation facilities and service installations. The project is due for completion by July.

★

With the award of a SavaCentre fitting oot cootract worth £5m for a store at Cameron Toll, Edinburgh, work woo by GILBERT ASH, a division of Bovis, in the last two months has risen to over £10m. The projects involved range from external repairs to an S.D.A. building awarded to tha general works division, to the SavaCentre fitting oot.

The other major projects iovolved are a home for the elderly at Dumbartoo from Strathclyde Regional Council, sheltered housing in Edinburgh for the Castle Rock Housing Assoc., improvements to nearly 400 houses at Garscaddeo from Glasgow Distriat Council, an office block for Buko, Glenrothes, and warehouses in Aberdeen and Glasgow.

The SavaCentre fittiog out forms part of the £20m shopplog development at Cameron Toll on Lady Road, Edinburgh. Work is scheduled for completion by the end of July 1984.

£5.5m Scottish orders for Haden Young

Cootracts worth £5.5m have beeo won by the Scottish region of Haden Young, the building services subsidiary of Haden. Work includes mechanical and electrical services for the new sheriff courthouse in Glasgow, mechanical services work for phase 2 of tha Western General Hospital in Edinburgh, and services for a new branch of the Royal Bank of Scotland et Heleusburgh. Haden Young is also to carry oot the up-grading in three phases of the eogineering services at Stobhill Hospital, Glasgow. Haden Robertson has been awarded a £1m contract in connection with the modernisatioo of 136 houses for Monklands District Council in Airdrie.

★

An annual contract valued at £250,000 has been awarded to PRESS CONSTRUCTION by the Southern Water Authority. The company's utilities division is to lay, renew and repair mains and water services and carry out necessary ancillary works io the Medway and Thanet areas of the authority's Keot division. Up to six mobile gangs will be engaged on tha contract, which has already started. Press Construction is part of AMEC.

★

PROPAFLOR has won orders worth £500,000 to install raised flooring in the Abbey National Building and Cleland House, London. The contracts involve 35,000 sq metres of raised access floorIog. Propaflor is part of the Bullough Group.

£9m order for Tarmac

Contracts worth £9.5m have been awarded to TARMAC CONSTRUCTION. Ooe of the largest, at £1.7m, is for roads and sewers at the former Shelton iron and steelworks site at Etruria, Stoke-on-Trent, which is being restored and landscaped to become a permanent site for the National Garden Festival, to be beld for the first time in 1986. Work on the contract, for Stoke-on-Trent City Council, is scheduled for completion by the end of next year.

Two contracts have been awarded to Cubitts, a division of Tarmac Construction. The largest is for building the structural shell for a shopping centre at Croydon, for Sir Robert McAlpine Project Management (£3.1m). The other is to provide covered parking at a bus garage at Speke, Liverpool, for Merseyside Passenger Transport Executive (£621,000).

Other contracts include a balancing lake and land reclamation at Great Bridge, West Midlands, for Sandwell Metropolitan Borough Council (£1.5m); a school at Bradford, for Bradford Metropolitan Borough Council (£1.2m); a factory at Glascoed, Gwent, for Vickers Design and Projects (£365,000), and a factory at Muir of Ord, Scotland, for the Highlands and Islands Development Board (£308,000). Tarmac's cootract housing division has a £626,000 contract for modernising 12 homes and carrying out external repairs to 107 homes at Braunstone, Leicester, for Leicester City Council.

APPOINTMENTS

U.S. post for Gillette Industries chairman

Mr R. H. Burton will retire as chairman of GILLETTE INDUSTRIES on January 1 1984 when he will assume the appointment of deputy to the chairman of the parent company, The Gillette Company, Boston, U.S.

★

LILLYWHITES of Piccadilly Circus has appointed Mr Colin Brown and Mr Steve Corbett as directors from November 1. Mr Brown is managing director of Lillywhites Cantabrian, a wholly-owned subsidiary of Lillywhites; and Mr Corbett joined the company a year ago as chief accountant after three years with the Burton Group. Lillywhites is a member of the Trusthouse Forte Group of companies.

★

Mr Robert S. Lawrence has joined DUNCAN STUART & PERILLI as a director from Sun Life Assurance Society where he spent 20 years, latterly as an assistant manager.

★

Ms Janet Driver has been appointed national account director by HOLIDAY INN INTERNATIONAL. As director of sales development, she was involved with the oew Holiday Inn project in Croydon and prior to this she was selling in the Middle East for the company. She will be based at Holiday Inn's sales offices in Hammersmith, London.

★

Mr Paul G. Schlomer, president of PARKER HANNIFIN CORP, has been named chief executive officer, from January 1 1984. Mr Patrick S. Parker, presently chief executive officer, will remain chairman. Parker Hannifin manufactures fluid power components for aviation, space, marine, biomedical, automotive and industrial applications.

★

The board of Vosper has appointed Mr Eaon Furnell as managing director of its subsidiary VOSPER HOVERMARINE, from November 1. Mr Furnell joined the board of Vosper Hovermarine in 1975 as manufacturing director.

★

SHEAFFER has instituted a number of changes in marketing strategy. As a result, Mr Stephen Roberts, marketing director, assumes broader responsibilities from November 1, embracing new business marketing (including new product finishes, market development and diversification) as well as continuing to develop Sheaffer's existing business marketing activities.

★

Mr Dugald Graham-Campbell has been appointed a director of BAIN DAWES CREDIT, the credit insurance subsidiary of Bain Dawes. He was with the Credit Insurance Association.

★

Mr. J. W. J. Derry has been appointed finance director and company secretary of IMI NORGREN ENOTS, a subsidiary of IMI which manufactures pneumatic equipment. Mr Derry, who is based at the Lichfield headquarters of the company, is a cost and management accountant.

★

Mr David Leighton Hamer has been appointed as chief accountant by MENDLE BROTHERS—a member of the Wolseley Hughes Group of companies and makers of Embee plastic products.

Parliamentary Diary

TODAY

Commons: Debate on a government motion on the 1979 Nato decision on intermediate range nuclear forces.

TOMORROW

Commons: British Shipbuilders (Borrowing Powers) Bill, Second Reading. Motion on the Education (Fees and Awards) Regulations.

Lords: Motion on Grenada. Foreign Limitation Periods Bill, Committee. Motions for approval on Civil Defence regulations.

WEDNESDAY

Commons: Petroleum Royalties (Reliefs) Bill, remaining stages. Motions on Town and Country Planning (Fees for Applications and Deemed Applications) Regulations for England and Wales, and for Scotland; and on the Rate Support Grant (Scotland) Order.

Lords: Debate on the need for initiatives on positive job-creation. Short debate on cuts in finance and manpower implemented or contemplated in respect of the scientific and special units of the Overseas Development Administration.

THURSDAY

Commons: Debate on Foreign Affairs on a motion for the adjournment of the House.

Lords: Data Protection Bill, Third Reading. Short debate on the need for the House to consider procedure on public Bills with a view to providing that decisions on amendments in Committee should be taken only by selected Lords. Debate on the fourth report of the EEC Committee on the easing of frontier formalities.

FRIDAY

Commons: Debate on government measures to assist small businesses on a motion for the adjournment of the House.

COMPANY NOTICES

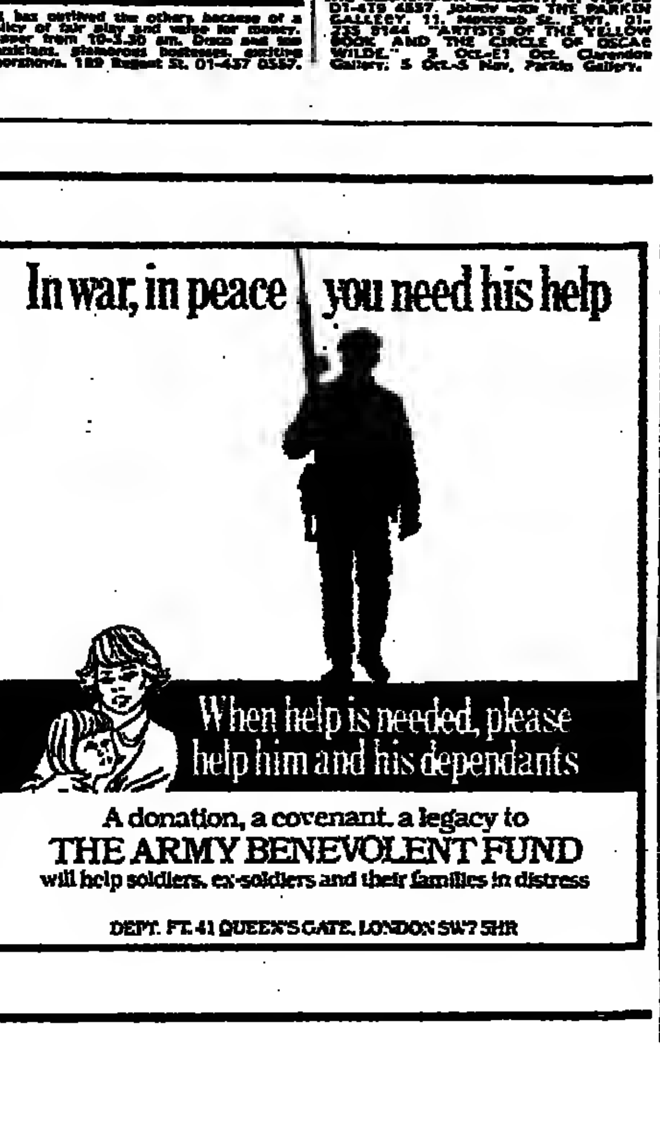
[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]



CONTRACTS AND TENDERS

SOMALI DEMOCRATIC REPUBLIC

MOGAMBO IRRIGATION PROJECT

CONTRACT NR. M2.4

RICE MILL

REGISTRATION OF PROSPECTIVE TENDERERS

The Mogambo Irrigation Project will develop irrigated agriculture over a net area of about 2,200 ha using water abstracted from the Jube River and forms part of a proposed ultimate development of soma 6,500 he net.

The construction of these works is proceeding under the terms of agreements for financial eid negotiated between the Somali Democratic Republic, the Kuwait Fund for Arab Economic Development and the Kreditanstalt für Wiederaufbau.

Application for financial assistance ie funding the Rice Mill Extension Works has beee made to Kreditanstalt für Wiederaufbau. Ten per cent of the investment costs will be provided by the Somali Government.

The supply of equipment and steel-framed buildiegs, erection and commissioning of the Rice Mill will be the subject of e nominated subcontract.

The Tender documents for this Rice Mill are in course of preparation and the contract will be awarded with a view to manufacture commencing early in 1984. The works generally comprise:

a) Rice Mill equipment: capacity: paddy 3 tonees/hour
b) Dryer: capacity: paddy 18 tonees/hour
c) Pre-dryer silos: capacity: paddy 6 x 60 toones
d) Storage silos: capacity: paddy 3 x 2,050 tonnes
e) All necessary conveyors, elevators and ancillary equipment including weighbridge
f) Steel frame building to house rice mill
g) Associated works

REGISTRATION OF INTEREST

Tenderers who wish to be registered for the above contract should submit their names and addresses to be received by the Consultant before 1st December 1983.

CONSULTANT

The Consultant, to whom applications for registration should be sent, is:

SIR M. MACDONALD & PARTNERS LTD
Demeter House, Station Road
Cambridge CB1 2RS, United Kiegdom

who will acknowledge all applications and, in due course, supply further particulars

The General Manager
MOGAMBO IRRIGATION PROJECT

PO Box 1205
Mogadishu
Somali Democratic Rapublic

Perusahaan Umum Listrik Negara
Agency of the Ministry of Mines and Energy of The Government of the Republic of Indonesia

INVITATION TO TENDER

Tenders for the Turbine Generator and Ancillary Plant Contract for Suralaya steam power plant Units 3 and 4 as the extension of Suralaya steam power plant Units 1 and 2 currently under construction near the town of Merak in West Java will be received at or before 10:00 hours on 1st February 1984, for public opening at 11:00 hours on the same date at the head office of Perusahaan Umum Listrik Negara, Jalan Trunojoyo Blok MI/135, Kebayoran Baru, Jakarta Selatan, Indonesia.

The Turbine Generator and Ancillary Plant Contract comprises the design, manufacture, supply, erection and commissioeig of 2 x 400 MW units.

Begieeing 7th November 1983, the teeder documents mey be examined and collected personally by prospective tenderers or by their authorised representative in Jekarta upon cash payment of the eon-refuedable amouet of Iedonesian Rupiah 600,000 et the followieg eddress:

Perusahaan Umum Listrik Negara
Directorate of Planeieg
Jalan Trunojoyo Blok MI/135
Kabayoran Baru, Jakarta Selatan
Indonasia

To quelify for an eward, teederers (individual or consortium) must demonstrate that they have successfully executed contracts for et least two turbiee generators of the sama or lerger capacity than that specified, with each plant havieg a minimum of three years' successful commercial operation.

Tenders will be received from qualified tenderers or their euthorised represeetatives.

Perusahaan Umum Listrik Negara has applied for e loan from the International Baek for Reconstruction and Development end will epply the proceeds of this loan for payment under this contract.

Oely teederers/manufacturers residing ie member countries of the International Bank for Reconstruction and Developmeet and Switzerland and Taiwan are eligible to tender.

Perusahaan Umum Listrik Negara reserves the right to reject any or all tenders and may waive minor irregularities and informalities.

Jakarta, November 1983
Perusahaan Umum Listrik Negara

AERONAUTICAL MINISTRY
GENERAL SUPPORT COMMAND
DIRECTORATE OF MATERIAL
NOTICE
PUBLICATION FOR SALE BY
TENDER NR 02/DIRMA/83

I—The Director of the Directorate of the Aeronautical Equipment gives notice that there will take place a Public Competition for the sale of Aeronautical Material on December 20th 1983 at 3.00 p.m.

II—Subject: 01 (one) Aircraft C-47 available: 05 (five) Aircrafts C-47 without engines: 30 (thirty nine) Engines Model R-1830-92 P&W revision required: 3700 (three thousand and seven hundred) Spare Parts approx. Condition new surplus.

III—[illegible] Santos Dumont Airport, 3rd Floor CEP 20.021 Rio de Janeiro - RJ Brazil.

IV—Application: Forms on which offers must be submitted should be requested to the Brazilian Aeronautical Commission in Europe or to the Brazilian Aeronautical Commission in Washington, until 6.30 pm on December 8th, 1983. At the place stated above applicants will be given details of the legal formalities, the complete Proclamation, and, on payment, the C-47 Information Book which provides all the Technical Data necessary.

(Signed) ADAUTO S. BROLLO, Lt.Col.
President of The Tender Committee

Contact in London for further information
BRAZILIAN AERONAUTICAL COMMISSION IN EUROPE
16 Great James Street,
London WC1N 3DP
Tel: 01-405 5062 or 01-405 7477 (Weekdays from 12 pm to 18.30 pm)
Telex: 21100 CABLON

Contact in Washington for further information
BRAZILIAN AERONAUTICAL COMMISSION IN WASHINGTON
1701 -22nd Street, N.W.
Washington, D.C. - 2008
Tel: (001202) 332-3522 483-4031
Telex: 84330 or 892478 CABW

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF T.M.I. INTERNATIONAL SERVICES LTD. (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Tuesday, 22nd November 1983, at 12 noon to be followed at 12.15 p.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the winding-up to date.

Dated this 21st day of October 1983.

D. W. ROSE, B. MILLS
Joint Liquidators

MOTOR CARS

Authorised Units—continued

Equity & Law Un Tst Mngrs (a) (b) (c)
Amersham Rd. High Wycombe. 0494 33377

Euro Tst Acc	92.0	66.6xd	−0.1	1.43

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 6AN. 01-638 5858

AmExFd*	£270.67	276.00	....	C.84
JapExFd*	£158.25	163.35	....	1.16

Next subscription day Nov 1 1983
*Fleming American Property Unit Trust. Latest issue price (16 11) US$7C.821. Units are issued on Feb 15, May, Aug, Nov
*Fleming Property Unit Trust. Latest issue price (29 9) £2.070. Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mngrs Ltd (e)
Royal Exchange EC3V 3LS. 01-638 2020.

Gilt & Fixed	113.5	110.0	+0.1	9.87
Growth Eq	96.1	103.4	−0.3	2.55
Guardhill	174.4	180.7	−1.0	3.51
Nth Amer	94.0	101.1xd	−0.2	1.85
Pacific	103.0	110.0xd	+0.5	0.30
Pref Shares	98.5	100.0	+0.2	2.19
Smaller Cos	104.3	112.2xd	−0.4	1.88

H.B.L. Unit Trust Mngrs Ltd (e) (c) (g)
Premier NT Admin, 5 Rayleigh Rd, Hutton Brentwood, Essex. 0277 227300

SmllrCosTst	50.1	52.7	−0.1	4.48
Nth Amer	48.4	51.0	−0.3	1.51
Japan Far Tst	53.9	55.7xd	+0.4	1.31
ScanBinvnTst	50.4	53.1	+1.4	1.41

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0700 45322

Aceton Frs	106.9	115.0	....	0.99
Brewin Cap	79.1	83.3	....	0.62
Brewin Inc	72.0	75.8	....	4.15
Canadn Gen	108.5	118.5	....	0.98

Lawson Fund Managers Ltd (e) (c) (g)
43 Charlotte Sq, Edinburgh 2. 031-225 6001

Charltr Sq Fd	48.9	50.6	....	9.1
Pen Sh Fd	13.0	14.0	....	1.9
Aust & Pac	8.0	8.8	....	0.9
High Yield	19.5	21.0	....	10.4
Do Accum	20.6	22.1	....	10.4

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211

High Inc	119.9	128.6xd	−0.2	9.83
(Accum Uts)	123.3	134.7xd	−0.1	8.83
UK Growth	119.4	125.2xd	−0.0	3.27
(Accum Uts)	117.9	126.6xd	−0.0	3.27

MLA Unit Trust Management Ltd
Old Queen St, SW1A 9JG. 01-222 8579

MLA Uts	179.4	188.3	....	2.84
MLA Int	27.7	29.0	....	0.88

The Money Market Trust
83 On Victoria St, EC4N 4ST. 01-236 0952

Call Fund	—	—	....	8.84
7 Day Fund	—	—	....	9.12

*Unauthorised—Sterling Deposit Fund.

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame, Luxemb'rg. Tel 47971

Actibonds Ix	—	$20.02	....	—

Alliance Capital Management Intl Inc
62 63 Queen St, London EC4. 01-248 8881
Alliance International Dollar Reserves
Distribution Oct 26-Nov 2 (0.0020941 10.89%)

Tech&Coms	£9.05	9.50	....	—
Health Care Oct 26	$8.7		....	—
TechnologyOct20	121.16		....	—
Quasar Oct 20	$48.75		....	—

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

Tech&Coms	£0.05	9.50	....	—
IntGrowth	$18.22	19.31	....	—

Brown Shipley St Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777

StlgCapital	£18.39	16.40	....	—
IntCurrency	£1.10	1.16	....	—
IxlBondInt	$10.57	11.17	....	—
IxlBdAcc$	$10.57	11.17	....	—

CAL Investments (IoM) Ltd
10 St Georges St Douglas IoM. 0624 20231

CAL C&C*	84.3	88.7	....	—
CAL Metals	94.0	98.9	....	—
CAL Silv**	223.3	235.1	−12.8	—
CAL Gold**	90.6	95.4	+0.6	—
CAL Copper**	—	—	....	—
CAL Alum**	91.7	96.5	+1.4	—

*Dealing days every Monday.
**Dealings daily.

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. (809-291 5-5950

CAL CTR Fd	98.2	71.9	....	—

Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
40 Athol St, Douglas, IoM. 0624-20845

Com&FFAc	84.23	87.74	....	—
Com&FFD	84.23	87.04	....	—

Next dealing date Oct 3.

Citibank (CI) Ltd "Citifunds"

Channel Is Transatlantic Inv Funds Ltd
Green St, St Helier. 0534-70334

U.S. $ Fd	$10.342	+0.003		—
£ Sterling Fd	£5.170	+0.001		—
SwFrancFd	SwFr20.198	+0.001		—
Jap Yen Fd	Y2.040.856	+0.282		—
DeutschmkFd	DM20.276	+0.002		—
Managed Fund	$10.132	+0.002		—

Dunvest Ltd
PO Box 887, Grand Cayman.

NAV	1136.00		....	—

First Gold & Metals Trust PLC
00 St James's St, London SW1. 01-499 4341

First Gold		9.21	....	—

Forbes Securities Management Co
PO Box 887, Grand Cayman, BWI. London Agents 01-039 3013

Gold Inc	$9.90	10.20	....	—
Gold App	$7.60	8.01	....	—
Dollar Inc	$9.43	9.78	....	—

Framlington Overseas Fund Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 29541

O'seas&Gth	48.9	53.0	....	—
O'seas&Gths	72.7	79.4	....	—

GRE International Invest Mngt Ltd
PO Box 194, St Helier, Jersey. 0534 27441

ManCurFd		£10.24	+0.02	—

Grindlay Henderson Mngt Ltd
PO Box 414, St Helier, Jersey. 0534 74248

Mgd Fd	£10.4720	10.9956	+0.0201	
Mgd Acc	£9.9310	10.4282	+0.194	
Stlg Fd	£10.2842	....	+0.0040	
Stlg Acc	£10.2405	....	+0.0052	
U.S. $ Fd	$20.5457	....	+0.0107	
U.S. $ Inc	$20.4781	....	+0.0109	
DMA	DM50.5342	....	+0.0115	
SwFr	SwFr80.4591	....	+0.0049	
Yen	Y5,074	....	+1.0	

Jardine Fleming & Co Ltd
48th Floor, Connaught Centre, Hong Kong.

Curr Bd	$12.01	13.84	....	9.5
(Accum)	$10.20	19.57	....	—
Ascan	$9.99	10.80	....	—
(Accum)	$9.99	10.80	....	—
American	$8.75	9.43	....	—
(Accum)	$8.75	9.43	....	—
Mgd Curr	$10.13	—	....	9.00
(Accum)	$10.12	—	....	9.50

Lazard Brothers & Co (Jersey) Ltd
PO Box 100, St Helier, Jersey, CI. 0534 37361

LazBrFarE	114.19	14.90	+0.03	1.00
CoBGd	$140.79	142.12	....	11.02
D'fieldBrStd	110.33	10.37	....	8.0
N Am Fd	$10.23	10.89	−0.27	5.00

Lloyds Bank International, Geneva
PO Box 438, 1211 Geneva 11 (Switzerland)

L I Dollar	198.7	101.3	....	9.9
L I Growth	SF054.5	910.8	....	1.6
L I Inc	SF298.0	309.0	....	0.5
L I Pacific	SF102.2	107.0	....	1.4

Management International Ltd
Bk of B'muda Bldgs, B'muda. 809-295-4000

Bda IBFC	816.59	76.77	....	—
Bda IBFI	$11.34	11.4xd		—

Prices on Oct 27. Next dealing Oct 28.

Bda IEFC	59.96	10.17	....	—
Bda IEFI	59.92	10.12	....	—

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 27061

LA Inc	$104.56	104.78	....	9.38
LT Acc$	$126.15	126.42	....	9.97
MIT Inc	$112.39	112.03	....	7.81
MIT Acc$	$127.99	120.04	....	14.43

Geofund International Reserves Ltd

Sterling		£5.102	+0.001	8.43
U.S.$		$10.200	+0.003	9.22
D-Mark		DM20.203	+0.003	4.70
Swiss Franc		SwFr20.145	+0.002	3.44
Jap Yen		Y2024.9	+0.3	5.87
Managed Fund		$10.240	−0.002	11.23

Marine Midland (CI) Ltd
140 B'way NY 10018 USA. 212-440-1000
Queens Hse, Don Rd, St Helier. 0534 71460

Intercurrency	$1.043.729		....	—

Next sub day Nov 17.

Samuel Montagu London Agents
114 Old Broad St, EC2. 01-826 7474

ApOct25	SF86.30	93.70	....	1.48
JsnOct15	HK$39.72	42.99	....	0.17
117GpA31	$70.53	19.94	....	7.23
JsyPOct25	£13.47	14.01	....	—
MontFRNF	$10.34	10.88	....	—
U.S. FIF	$9.71	10.22	....	—

Nat Westminster Jersey Fd Mngrs Ltd
23 25 Broad St, St Helier, Jersey.
County Bank Currency Fund Ltd (x) 0534 70041

Dollar class	$20.7829	+0.0055		—
Sterling class	£10.3929	+0.0023		—
D-Mark cl	DM50.8547	+0.0049		—
DutchGuilder	DFl50.9119	+0.0024		—
Jap Yen cl	Y5121.9138	+0.8051		—

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Building, Bermuda. 809 29 5400

Amer Tst	$9.82	10.27	....	—

Perpetual UT Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74[illegible]

Offshr Grw	$1.112	1.179	....	2.00

Rothschild Asset Management (CI)
St Julian's Ct, St Peter Port, Guernsey. 0481 2[illegible]

Bel Francs	BFr868.14		....	6.88
Canadian $	C$37.38		+0.01	7.82
D-mark	DM51.245		+0.005	4.56
Dutch Guilder	DFl50.405		+0.005	4.79
French Franc	FFr166.92		....	11.24
Italian Lire	L37.910		....	16.25
Jap Yen	Y6348.77		+0.08	5.40
Singapore 1	$164.735		+0.015	8.14
£ Sterling	£14.592		−0.003	8.41
Swiss Franc	SwFr46.168		+0.008	2.56
U.S. $	$29.9		+0.01	8.73

OC International Reserves Ltd. Daily Dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27861
Schroder Money Funds Ltd

Sterling	£14.2402		....	—
U.S. Dollar	$26.9507		....	—
D-Mark	DM51.5869		....	—
Swiss Franc	SwF51.1795		....	—

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, EC2. 01-382 6000

Nass&TrOct26		$55.94	....	—

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 27441

Mgd Cur Fd	96.8	102.0	−2.1	—

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.

T-G Am		$22.24	....	—
T-G Money		$21.68	....	—
T-G £ Bond		$15.39	....	—
T-G Com		$20.91	....	—
T-G Mort		C$20.00	....	—
T-G O'seas		$12.55	....	—
T-G Pacific		Y2.034	....	—
T-G Wall St		$26.01	....	—

United Fund Managers Ltd
15-15 Queens Road Central, Hong Kong. 5-251417

S&MlyT	$10.11	10.53	....	—

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42511
Pension Funds

EqPenFdAc	567.0	597.4	−1.2	—
FixedPenAc	413.2	434.0	−0.8	—
GtMinPnAc	247.6	260.0	+0.2	—
Intl Man	246.3	259.3	+0.4	—
Jap Pens Fd	117.9	124.1	+1.6	—
AmPfDoAc	128.7	135.4	−1.2	—
Prop Pn Ac	226.5	238.4	....	—
MpInPnAc	494.0	520.0	−0.2	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnUtsOct28	—	140.03	+1.35	
VarAnUtsOct20	—	151.56	−0.12	—

Prime Series

Managed	127.5	127.8	−0.2	—
UK Equity	121.9	128.4	−0.8	—
Int Equity	118.7	125.0	−0.2	—
Property	102.7	108.2	+0.2	—
Fixed In	108.6	114.4	+0.2	—
Index Lk Gt	90.5	95.1	+0.2	—
Cash	99.0	104.3	....	—

Hand-in-Hand

Cash	121.0	127.4	....	—
Fixed Int	140.0	147.4	....	—
Property	141.4	148.9	....	—
NatWest	176.0	185.3	....	—

Continental Life Insurance PLC
64 High St Croydon CR0 9XN. 01-680 5225

Equity Acc	147.2	155.0	....	—
Propty Acc	140.3	147.7	....	—
Inc Acc	147.9	155.7	....	—
Managd Acc	147.3	155.1	....	—
Spec Sits	109.9	115.7	....	—
PenEqtyAcc	168.8	177.4	....	—
PenPropAcc	150.8	158.8	....	—
PenIntlAcc	139.3	146.7	....	—
Pen Mg Acc	153.1	161.2	....	—

Gilt Deposit, Index Fund prices available on request.

Crown Life
Crown Life House, Woking GU21 1XW. 04862-5033

PensMgAcc	152.1	160.1	....	—
PECorontFd	171.0	180.0	....	—
BrewIxEqFd	229.1	241.0	....	—
StraInvFd	134.2	141.3	....	—
PenMnyInt	124.8	131.3	....	—
Heritage Fd	130.5	137.3	....	—
Sage Fd	114.4	120.4	....	—
PenMnyAcc	124.8	131.3	....	—
OBS Mangd	132.2	139.1	....	—

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055
Life Funds

Cash Accum	97.1	102.3	....	—
UK Eqty Ac	10.4	105.7	−0.7	—
Fxd Int Acc	100.1	105.4	+0.2	—
IndxLhdAcc	93.3	98.3	....	—
Mixed Acc	99.4	104.7	....	—
O'seasEqFd	98.2	103.4	+0.5	—
Propty Acc	97.6	102.8	....	—

Pension Funds

Cash Cap	97.4	102.8	+0.1	—
Cash Acc	98.9	104.2	....	—
UK Eq Cap	97.5	102.7	−0.3	—
UK Eq Acc	99.1	104.4	−0.2	—
FixedIntCapt	98.7	104.0	....	—
FixedIntAcc	100.4	105.7	+0.1	—
IndxLkdCap	91.3	96.2	−0.1	—
Mixed Captl	97.5	102.7	....	—
Mixed Acc	99.1	104.4	....	—
O'seasEqCap	98.7	103.9	+0.7	—
O'seasEqAc	100.5	105.8	+0.7	—
Propty Captl	94.8	99.8	....	—
Propty Acc	96.4	101.5	+0.1	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7107
GRE Pensions Management Ltd

PentPrpInt	129.3	136.2	....	—
PensPrpAcc	140.2	147.6	....	—
PensIxLkGtLx	93.9	98.5	−0.1	—
PensIxLkGtAc	94.5	99.4	−0.7	—
PensDepInt	137.3	144.5	....	—
PensDepAcc	149.1	156.9	....	—

Henderson Administration
29 Finsbury Sq, London EC2. 01-650 5757

High Inc	137.7	144.1	+0.1	—
Gilt Edged	98.6	103.8	+0.2	—
Cap Growth	135.2	142.4	−0.3	—
Technology	160.4	168.9	−1.8	—
Nat Res'ces	127.8	134.4	−0.4	—
Spec Sits	192.6	192.3	+0.3	—
N America	218.0	227.4	−0.0	—
Far East	179.2	188.7	+1.0	—
Property	116.6	122.8	....	—
Managed	101.5	190.9	+0.1	—
Prime Rest	117.4	123.0	....	—
Deposit	117.0	124.7	....	—

Pension Funds

UK Eqty	96.6	101.7	−0.3	—
Fixed In	109.8	116.0	+0.2	—
Spec Sits	115.9	122.1	+0.4	—
N America	108.7	114.8	−0.3	—
Far East	122.0	129.3	+0.7	—
Managed	109.4	115.2	+0.1	—
Comm Prop	100.9	108.3	....	—
Prime Rest	100.7	112.4	....	—
Deposit	100.9	109.2	....	—

Capital unit prices available on request.

London Life Linked Assn Ltd
100 Temple St, Bristol BS1 6EA. 0272-279179

Equity	215.0	227.4	....	—
Fixed Int	195.9	166.7	....	—
Property	199.1	171.0	....	—
Deposit	142.3	142.3	....	—
Mixed	188.1	192.0	....	—
Index Stk	101.3	109.8	....	—
Internatnl	113.0	115.2	....	—

London Life Managed Funds Ltd

Equity(P)	155.0	160.4	....	—
Fixed Int(P)	171.6	172.8	....	—
Property (P)	121.2	125.4	....	—
Deposit(P)	122.2	122.2	....	—
Mixed(P)	149.8	153.4	....	—
Index Stk	115.5	116.3	....	—
Int Equity	109.6	117.7	....	—

Moneywise Friendly Society
00 Holdenhurst Rd, Bournemouth. 0202 295678

MnywiseInt	47.9	81.0	....	—

Municipal Life Assurance Ltd
99 Sandling Rd, Maidstone. 0622 679351

Equity Fd	93.0	99.0	....	—
Managed Fd	103.0	109.0	....	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath. 0444 458721

Nat Res'ces	101.0	107.0	−5.0	—
Property	140.0	148.0	+1.0	—
UK Equity	135.0	143.0	....	—
Intl Equity	121.0	128.0	....	—
Jarretts Fd	94.0	99.0	....	—

Prudential Pensions Ltd
Holborn Bars, EC1 2NH. 01-405 9222
Pru-Link Retirement Plan

Managed Fd	142.0	148.0	....	—
Cash Fd	113.6	118.4	....	—

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57151

Managed Fd	101.3	100.7	....	—
Universal Fd	98.6	103.8	....	—

Save & Prosper Group
4 Gt St Helens, London EC3P 3EP. 0708 66966

Gilt Pen Fd	185.9	196.8	−0.4	—
Do Pen Fd?	187.4	198.4	....	—
Global EqPen	55.1	38.4	....	—

Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703-334411

Managed	150.7	159.0	....	—
Equity	153.8	183.8	+0.3	—
Internationl	175.8	185.1	....	—
N America	105.2	110.7	−0.2	—
N European	104.8	110.3	+0.3	—
Pacific	108.1	113.8	....	—
IntRecovery	111.9	117.5	+0.2	—
Gilt Plus	141.0	144.4	−0.2	—
Property	129.0	135.8	....	—
Deposit	131.9	138.8	+0.1	—
PensManaged	178.9	188.3	+0.1	—
Pens Equity	181.8	191.4	+0.5	—
Pens Intnl	213.1	224.3	....	—
Pens N Am	107.2	112.8	−0.2	—
Pens N Euro	107.7	113.4	+0.3	—
Pens Pacific	111.1	118.0	....	—
Pens IntRec	114.3	120.3	+0.2	—
Pens Propty	157.3	165.8	+0.1	—
PensGtPls	199.3	170.2	−0.5	—
Pens Propty	157.3	165.8	+0.1	—
Pens Dep	161.5	170.0	+0.1	—

For prices of Capital Units and Guaranteed Basic Rates please phone 0703 334411.

Target Life Assurance Co Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Sterling	—	—	....	8.9
U.S. Dollar	—	—	....	5.4
Swiss Franc	—	—	....	0.4
Deutsche Mark	—	—	....	2.8
Yen	—	—	....	3.3

TSB Life Ltd
PO Box 3, Keens House, Andover, Hants SP10 1PG.

Managed Fd	104.3	109.8	+0.3	—
Property Fd	97.9	103.2	....	—
Fixed Int Fd	100.8	100.2	+0.4	—
Money Fd	98.0	103.3	....	—
Equity Fd	109.5	115.4	+0.5	—

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor 60144.

FutAssGth	77.0(4)	05.0(8)	....	—
FutAssdPen	—	51.26	....	—
Far East Fd	125.0	151.5	....	—

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
3-5 St Paul's Churchyard EC4P 4DX. 01-236 1833

[illegible]

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777
Britannia Viewpoint 01-673 0048

02 Specialist Funds

Assets	146.1	157.5	−0.1	3.68
Recovery	55.2	59.5xd	−0.1	4.24
Smaller Cos	84.5	91.1	−0.1	2.09
Spec. Mkt. Sits.	69.7	75.1xd	−0.1	1.70
UK Blue Chip	49.0	52.8	−0.1	3.91

[illegible]

Duncan Lawrie Fed. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

Growth	18.8	20.3	+0.1	3.6
Income	32.9	35.4xd	+0.4	9.4
Overseas	69.9	75.2	−0.7	3.00

For E. F. Winchester see Oppenheimer Practical Fund Management

Edinburgh Fund Managers plc
4 Melville Cres., Edinburgh. 031-226 4931
Edinburgh Exempt Funds*

American Oct 26	108.7	113.4xd	....	2.12
Japan Oct 27	501.6	523.0	....	0.37
Pacific Oct 28	155.8	162.5	+1.0	1.26

*Unauthorised.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	81.1	87.3xd	−0.4	3.87
UK Gwth. Tst. Inc.	75.0	80.4xd	−0.3	3.87
Higher Inc. Tst. Acc.	98.4	105.8xd	−0.3	7.02
Higher Inc. Tst. Inc.	88.3	94.9xd	−0.3	7.02
Gilts/Fxd. Int. Tst. Acc.	75.7	79.6	+0.2	3.78
Gilts/Fxd. Int. Tst. Inc.	70.0	73.6	+0.1	3.78
Nth America Tst. Acc.	103.6	111.3xd		0.50
Far East Tst. Acc.	69.8	75.0		0.40
Gen. Tst.	136.0	146.2xd	−0.5	3.38

F & C Unit Management
1 Laurence Pountney Hill, EC4R 0BA. 01-623 4680

F & C Amer.	46.9	50.7	+0.2	0.50
F & Cap. Fd	68.9	74.5	+0.1	1.44
F & C Income Fd.	43.5	47.1	−0.4	6.58
Far Eastern Unit Fd.	37.1	40.2	+0.4	0.70

FFI & Target Fund Managers Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Small Co's. Fd.	73.8	79.4	..	0.25

Fidelity International Management Ltd.
River Walk, Tonbridge, Kent. (0732) 362222

American (z)	74.0	80.0	−0.4	0.69
Amer. Spec. Sits. (z)	48.9	52.9	...	—
Gilt & Fixed Int.	29.1	30.0xd	..	10.84
Growth & Income	43.2	46.5	+0.2	5.82
Japan Trust (z)	47.7	51.3	+0.3	—
Managed Int. Tst. (z)	65.1	70.1	+0.3	0.19
Max. Inc. Eq. Tst.	39.0	42.0	+0.2	7.69
Special Sits.	66.6	72.4	−0.2	0.68

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	60.3	64.8xd	....	0.64

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Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3V 3LS. 01-638 2020
Continued above Mon-Fri and Stock Exchange Dealing Page Sat.

Henderson Administration (a) (b) (c)
Premier UT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277 217238

U.K. Funds

Special Sits.	68.2	73.2	+0.4	2.30
(Accum. Units)	92.5	99.5	−0.4	2.30
Recovery	54.7	58.8	−0.2	3.52
Cap. Growth	129.5	139.3	−0.1	1.62
Acc. Units	144.2	155.0	−0.1	1.62
Inc. & Assets	50.3	54.1	..	6.19

High Income Funds

Inc. & Growth	69.6	74.0	−0.1	4.82
(Accum. Units)	122.0	129.0	−0.3	4.81
High Income	88.5	95.7	−0.7	6.55
Extra Income	81.3	87.9xd		7.04
Smaller Cos. Div.	56.7	61.0xd	+0.2	7.33
Pref. & Gilt	46.3	49.3xd		11.60
Gilt Trust	47.7	49.8	+0.1	9.24
Fixed Interest	51.0	54.2xd		10.75

Sector Funds

Financial	68.6	73.7	+0.6	3.38
Oil & Nat. Res.	75.0	82.1	−2.0	1.74

International

Global Health	46.2	48.6	−0.2	0.10
Global Tech	81.5	87.6		0.02
International	93.8	101.4xd	+0.2	0.62
World Wide Oct 28	209.5	222.9xd	−0.2	3.49

Overseas Funds

Australian	67.4	72.9xd	+1.3	0.55
European	100.7	108.3xd	−0.1	1.15
Japan Trust	63.5	68.6	+0.1	0.29
Japan Special Sits.	65.3	70.6xd	−0.5	0.06
Pacific Sm. Cos.	120.7	130.5xd	+1.9	0.38
North Amer.	106.8	115.5	−0.3	0.23
American Smaller	46.1	49.8xd		0.06
Amer. Recvry. Tst.	93.5	101.1	−0.4	1.58

Exempt Funds

High Income (b)	183.1	190.7	−0.7	6.58
Smlr. Cos. (b)	247.0	258.1	+0.2	1.97
European Oct 28	196.1	204.3xd	....	1.56
Japan Oct 28	234.0	244.6	..	0.62
N. American Oct 28	320.3	333.6	..	0.82
Global Tech Oct 28	188.9	196.8	..	0.07
Pacific Ex Tst Oct 28	111.0	115.6xd	..	2.85

Hexagon Services Ltd.

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71 Lombard St., EC3 01-623 1288

Black Horse Man. Fd.		231.44		—
Managed Inv. Fd.	157.55	165.6[illegible]		—
Property Fd.	151.07	159.03		—
Fixed Interest Fd.	147.14	154.8[illegible]		—
Cash Fd.	135.95	143.11		—
Income Fd.	171.47	180.50		—
Extra Income Fd.	162.17	170.71		—
Worldwide Growth Fd.	[illegible]	[illegible]		—
Gold/Prec. Fd.	172.42	181.50		—
Comm. Co's & Recv. Fd.	203.25	213.95		—
Int. Technology Fd.	270.97	285.2[illegible]		—
Nth. Amer. & Gen. Fd.	160.18	179.1[illegible]		—
Energy Int. Fd.	107.49	113.1[illegible]		—
Pacific Basin Fund	132.41	139.38		—

British National Life Assurance Co. Ltd.
Haribach Rd, Haywards Heath. 0444 414(1)

Managed	111.9	117.8		—
Property	109.9	115.7	+2.8	—
Equity	112.9	118.8	+0.6	—
International	127.9	134.6	−1.2	—
Fixed Interest	101.5	106.8	−0.1	—
Deposit	99.4	104.6	+0.1	—
Managed Pen. Cap.	112.2	118.1	−0.2	—
Property Pen. Cap.	104.6	115.3	+3.4	—
Equity Pen. Cap.	106.6	112.3	+0.8	—
Intnl. Pen. Cap.	132.6	139.5	−2.1	—
Fixed Int. Pen. Cap.	99.0	104.2	−0.2	—
Deposit Pen. Cap.	97.3	102.4		—

Canada Life Group

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	22.2	23.1		—
Chinese Fund	65.1	67.8		—
Precious Metal Fund	118.6	123.5		—
Vanguard Cmdy. Fd.	36.1	37.0		—
Financial Futures Fd.	78.2	81.5		—
Wren Intl. Fnd.*	$0.448	0.467		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rate of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Firm dollar lacks conviction

BY COLIN MILLHAM

Foreign exchanges, like most other financial markets, were very quiet last week. The dollar gained ground, but without any very stroog conviction, although many observers are now looking for the U.S. currency to remain quite firm for the rest of this year, before slipping back in the early months of 1984 as U.S. economic growth slackens.

An increase in world tension caused by the killing of U.S. and French members of the peace-keeping force in Beirut, and the U.S.-led invasion of Grenada, lent support to the dollar, which is seen as a safe haven at such times. The other major factor underpinning the currency was the unexpected riso of $2.4bn in the previous Friday's M1 money supply announcement, compared with an anticipated fall of about $1bn, although somo forecasters were looking for a minus figure in the region of $3bn.

This left a large question mark hanging over last week's M1 figure, with most estimates suggesting a small fall of about $500m, but after several weeks of very inaccurate forecasting no one was placing too much faith in any figure. The other major statistics announced last Friday were leading indicators and the trade figures.

The Treasury's November refunding package of $16bn, unveiled oo Wednesday, was as expected although tho length of some of the paper offered came as a disappointment to a rather jaded U.S. bond market.

Sterling was boosted initially by signs that the war between Iran and Iraq was about to flare up again, following claims by Iraq to have mined part of the Gulf and later threats to bomb a petrochemical plant in Iran.

The general tone was also helped by better than expected September trade figures, with the expected deficit of around £200m in the visible balance turning out to be a surplus of £110m, which when added to the invisible figure gave a current account surplus of £270m.

Sterling suffered from a bout of selling on Thursday, which left it lower on the week against the dollar, but still firmer against other major currencies when compared with the previous Friday.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4955	1.4960	1.4973	1.4985	1.5015
D-Mark	3.9225	3.9119	3.8895	3.8565	3.7965
French Franc	11.9350	11.9650	12.045	12.209	12.535
Swiss Franc	3.19	3.1795	3.15	3.112	3.035
Japanese Yen	348.25	347.40	345.81	343.25	338.25

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9002	+2.23	+1.79	±1.5447
Danish Krone	8.14104	8.14442	+0.04	−0.40	±1.6425
German D-Mark	2.24184	2.25577	+0.62	+0.18	±1.0642
French Franc	6.87456	6.87382	−0.01	−0.45	±1.4052
Dutch Guilder	2.52595	2.53102	+0.20	−0.24	±1.4964
Irish Punt	0.72569	0.726881	+0.10	−0.28	±1.6899
Italian Lira	1403.49	1373.43	−2.14	−2.14	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

BANK OF ENGLAND TREASURY BILL TENDER

	Oct. 28	Oct. 31		Oct. 28	Oct. 31
Bills on offer	£100m	£100m	Top accepted rate of discount	8.8442%	8.8642%
Total of applications	£435.9	£414.3m	Average rate of discount	8.8307%	8.8598%
Total allocated	£100m	£100m	Average yield	9.04%	9.04%
Minimum accepted bid	£97.795	£97.79	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	30%	5%			

OTHER CURRENCIES

Oct. 28	£	$		£ Note Rates
Argentina Peso	23.19-23.20	15.51-154	Austria	27.35-27.00
Australia Dollar	1.6270-1.6290	1.0880-1.0890	Belgium	80.10-80.90
Brazil Cruzeiro	1,223.5-1,230.1	818.0-822.0	Denmark	14.05-14.19
Finland Markka	8.4550-8.4785	0.6560-0.6590	France	11.86-11.98
Greek Drachma	140.15-140.45	93.80-93.70	Germany	3.88½-3.29½
Hong Kong Dollar	11.65½-11.07½	7.7975-7.8025	Italy	9305-2095
Iran Rial	120.80*	86.80*	Japan	346-351
Kuwait Dinar (KD)	0.4355-0.4360	0.29110-0.29115	Netherlands	4.36½-4.40½
Luxembourg Fr.	79.60-79.70	53.24-53.23	Norway	10.94-11.04
Malaysia Dollar	0.50-3.51	9.3495-2.3445	Portugal	190-910
New Zealand Dlr.	9.2010-2.2560	1.5060-1.5080	Spain	223½-257½
Saudi Arab. Riyal	0.2055-5.2100	3.4798-3.4801	Sweden	11.60-11.70
Singapore Dollar	0.1875-3.1975	2.1030-2.1350	Switzerland	3.15¾-3.18¾
Sth. African Rand	1.7100-1.7116	1.1435-1.1445	United States	1.48½-1.50½
U.A.E. Dirham	5.4030-5.4985	3.6720-3.6730	Yugoslavia	194-215

* Selling rates.

CURRENCY MOVEMENTS

Oct. 28	Bank of England Index	Morgan Guaranty Changes %
Sterling	83.5	−7.7
U.S. dollar	126.2	+15.0
Canadian dollar	92.0	+1.0
Austrian schilling	117.2	+3.7
Belgian franc	90.7	−11.5
Danish kroner	80.3	−4.8
Deutsche mark	120.9	+7.9
Swiss franc	101.7	+12.9
Guilder	110.3	+4.8
French franc	67.5	−14.0
Lira	49.0	−11.6
Yen	153.5	+11.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709802	0.576905
U.S. $	8½	1.06087	0.862299
Canadian $	0.49	*	1.06251
Austria Sch	3¾	19.5253	15.8663
Belgian F	9	56.5503	45.9002
Danish Kr.	7	10.0242	8.14442
D mark	4	2.77524	2.25577
Guilder	5	3.11534	2.53102
French F.	9½	8.45938	6.87382
Lira	17	1689.70	1373.45
Yen	5	246.971	200.014
Norwgn Kr.	0	7.81066	6.35213
Spanish Pta	—	160.937	130.914
Swedish Kr	8½	8.27266	6.72162
Swiss Fr.	4	2.25382	1.83195
Greek Dr'ch	20½	N/A	80.7543

* CS/SDR rate for Oct 27: 1.30673

THE POUND SPOT AND FORWARD

Oct 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4900-1.4990	1.4950-1.4960	0.03-0.08c dis	−0.44	0.16-0.21dis	−0.49
Canada	1.8365-1.8465	1.8420-1.8430	0.03c pm-0.07dis	−0.13	0.03-0.13dis	−0.17
Nethlnd.	4.37-4.47	4.39½-4.40½	1½-1c pm	3.41	3½-3¼ pm	3.07
Belgium	79.35-79.80	79.60-79.70	8c pm-2 dis	0.45	par-10 dis	−0.25
Denmark	14.08½-14.17½	14.15-14.13	¼-1¼ore dis	−0.63	3.75-4.90dis	−1.22
Ireland	1.2520-1.2680	1.2635-1.2645	9.30-0.40p dis	−3.32	0.95-1.05dis	−3.10
W. Ger.	3.89½-3.93	3.91½-3.92½	1½-1⅛pf pm	3.44	3½-3 pm	3.31
Portugal	185.60-187.00	186.50-187.00	195-445c dis	−20.56	890-1300dis	−21.31

THE DOLLAR SPOT AND FORWARD

Oct 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4900-1.4980	1.4950-1.4960	0.03-0.08c dis	−0.44	0.16-0.21dis	−0.49
Ireland†	1.1810-1.1885	1.1815-1.1825	0.30-0.26c pm	2.85	0.84-0.77 pm	2.71
Canada	1.2320-1.2325	1.2320-1.2325	0.05-0.03c pm	0.39	0.12-0.09 pm	0.34
Nethlnd.	2.9300-2.9420	2.9400-2.9420	0.93-0.83c pm	3.60	2.65-2.55 pm	3.54
Belgium	53.20-53.30	53.24-53.26	4½-3c pm	0.84	4-1 pm	0.19
Denmark	9.4340-9.4750	9.4675-9.4725	¼ore pm-¼ dis	—	1½-2 dis	−0.74

EXCHANGE CROSS RATES

FINANCIAL FUTURES

LONDON

WEEKLY CHANGE IN WORLD INTEREST RATES

MONEY MARKETS

Stimulation required

Frankfurt was ono of the more interesting money markot centres last week, but that was only because of doubts about whether tho Bundesbank would allow a month-end scramble for funds send the call money rato shooting up, or supply a securities repurchase agreement to replace the DM 7.1bo draining from the market today as the existing agreement expires.

Between DM 3bn and DM 4bn was lost to the market at the beginning of last week through expiring currency swaps, but at that time liquidity was ample and the moocy was not replaced. But with banks adjusting their balance sheets and needing funds at the end of tho month the German authorities decided to offer another repurchase agreement, and on Friday accepted bids of DM 7.5bn, at 5.5 per cent.

In New York Federal funds fell to 9 per cent on Tuesday, after tho Federal Reserve rollod over $2.5bo injected into tho banking system on Monday. This failed to produco much enthusiasm from a depressed bond market however, and as Fed funds returned to around 9½ per cent to 9½ per cent on the following two days, without any furthor move by the authorities, it became clear that there had been no major shift in Fed policy.

Short-term rates in London threatened to ease on more encouraging views about inflation prospects, and speculation about lower mortgage rates. These hopes were later dampened however, and rates finished the week little changed.

The Bank of England had little trouble in absorbing the daily money market shortages, which were generally modest, ranging between £450m on Monday, and a forecast £100m on Thursday, although banks brought forward surplus balances of £37m into Friday after help of only £97m. The market lacks any sort of stimulus at the moment, and apart from a few optimistic souls who occassionally talk of another ½ point off base rates by Christmas, no one would be surprised if we entered the New Year with the present rate structure.

LONDON MONEY RATES

Oct. 28 1983	Sterling Certificate of Deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-9⅝	9⅛-9¼	—	—	9-9¼	[illegible]	—	—	—
2 days notice	—	—	9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼	—	—	—	—
7 days notice	—	9⅛-9⅜	9⅛-9¼	—	—	—	9-9⅛	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period September 7 to October 4 1983 (inclusive) 9.719 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 11 per cent; five years 11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8[illegible] per cent; four months' trade bills 9[illegible] per cent.

Approximate selling for one-month Treasury bills 9 per cent; two months 8⅞-8[illegible] per cent; three months 8[illegible] per cent. Approximate selling rate for one-month bank bills 9 per cent; two months 8[illegible] per cent and three months 8⅞ per cent; trade bills one month 9[illegible] per cent; two months 9[illegible] per cent and three months 9[illegible] per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from October 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8307 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¾ per cent from October 0. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9[illegible]
Treasury bills (13-week)	8.60
Treasury bills (26-week)	8.81

GERMANY

Lombard	5.5
Overnight rate	5.5
One month	5.65
Three months	6.15
Six months	6.20

FRANCE

Intervention rate	12.25
Overnight rate	12
One month	12.1875
Three months	12.25
Six months	12.4375

JAPAN

Discount rate	5.0
Call (unconditional)	6.15625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	2¼-2½
One month	3½-3¾
Three months	4[illegible]

NETHERLANDS

Discount rate	5
Overnight rate	5½-5¾
One month	5[illegible]
Three months	6[illegible]
Six months	6¼-6¾

$ CERTIFICATES OF DEPOSIT

One month	9.25-9.35
Three months	9.35-9.45
Six months	9.55-9.65
One year	9.70-9.90

LONG TERM EURO $

Two years	10⅞-11⅛
Three years	11¼-11½
Four years	11½-11¾
Five years	11⅞-12⅛

SDR LINKED DEPOSITS

One month	8[illegible]
Three months	8¾-9
Six months	8⅞-9⅛
One year	9[illegible]

ECU LINKED DEPOSITS

One month	8[illegible]
Three months	8[illegible]
Six months	9[illegible]
One year	9¾-10

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 28	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	9⅛-9¼	9⅛-9¼	9 1/16-9 3/16	9 1/16-9 3/16	9 1/16-9 3/16	9¾-9⅞
U.S. Dollar	9¼-9⅛	9⅜-9⅝	9⅜-9⅝	9⅛-9¾	9⅝-9⅞	9⅞-10⅛
Can. Dollar	8⅛-9	8⅛-9	8⅞-9⅛	9⅛-9⅜	9¼-9⅛	9⅝-9⅞
D. Guilder	5¾-5⅞	5¾-5⅞	5 11/16-5 13/16	6 1/16-6 3/16	6 1/16-6 3/16	6⅛-6⅜
S. Franc	32-34	2¼-2⅜	3 7/16-3 9/16	4 1/16-4 3/16	4 1/16-4 3/16	4 7/16-4 9/16
Deutschm'rk	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5¾-5⅞	5 13/16-5 15/16	6⅛-6¼
Fr'nch Franc	11⅞-12⅛	11⅞-12⅛	12-12¼	12¾-13	14⅛-14⅜	15-15¼
Italian Lira	14¾-15¾	15¼-16¾	16¼-17¼	17¼-17¾	18-18½	18⅛-18⅞
Belg. Franc. Conv.	8⅛-9	8⅛-9	8⅛-9	9¼-9¾	9½-10	10-10½
Belg. Franc. Fin.	9¾-9	8¾-9	8¾-9	9⅛-9⅝	9¾-10	10-10¼
Yen	6 1/16-6 7/16	6⅛-6¼	6⅛-6¼	6 5/16-6 7/16	6 5/16-6 7/16	6⅛-6⅜
D. Krone	11-11½	8⅛-9	9½-10	10⅝-10⅞	10⅝-11⅛	10⅝-11⅛
Asia $ (Sing.)	9⅛-9½	9 1/16-9 3/16	9 7/16-9 9/16	9 9/16-9 11/16	9 11/16-9 13/16	9 15/16-10 1/16

FT LONDON INTERBANK FIXING

(11.00 a.m. OCTOBER 28)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 9/16	offer 9 11/16	bid 9 11/16	offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

هكذا من الأصل

FINANCIAL TIMES SURVEY

West Germany

economy is the most enduring problem facing Chancellor Kohl, who is under attack n critics on the right and the left. Yet, although the German miracle is gone and will be repeated, the key factors behind the country's sound post-war economic perform- e are still present

Anti-nuclear campaigners blockade the gate to a U.S. Army ammunition depot in West Germany. Nuclear missiles and the domestic economy are the two big issues facing Chancellor Kohl

ohl digs in for hard winter

West Germany's sad fate to be viewed as a land xtremes. Either the Germans are said to be acle workers" or they are felt to be going down rain. This Autumn there is a lot of superficial nce to support the pessimists.

Chancellor Helmut Kohl's centre-right coalition rnment, in office for just over a year, faces fierce stic pressure on two main issues, nuclear missiles he economy.

By JONATHAN CARR

Bonn Correspondent

reds of thousands of trators are turning out streets to try to stop ent of American inter- -range missiles on soil from the end of ar. In parliament, the on Social Democrat SPD) is abandoning the twin track" (arm and e) nuclear strategy it gly supported while in ent.

Kohl might seem to hance of backing down, the western or of pressing on with ent and further divid- troubled nation.

mically, 1983 has modest growth in Gross Product (GNP) after essive years of contrac- But unemployment has an average of well m and is bound to again in 1984.

ally Herr Kohl is under n the political left and e unions, who want to e state deficit spending complain bitterly about the Government's efforts to slim the costly social security system. But the Chancellor is also under attack from part of the right, in parliament and business, who wanted to see much deeper state spending cuts, bigger tax benefits for industry—in short a clearer swing away from the state to the private sector.

Some on the disaffected right even warn that if Herr Kohl does not do more to bring about the "Wende"—the change in economic and social approach he promised on coming to power—he could turn out to be an "interim Chancellor," like Ludwig Erhard in the mid-1960s who lasted only three years in the top job. But to whom would Herr Kohl give way if these hard-line critics proved right, and with what social conse- quences?

It would be wrong to ignore these problems and potential dangers, but it is easy to let them get out of perspective, as though the Federal Republic were facing a new, uniquely grave, challenge to its security and stability.

True, the strife on the missiles issue is intense and vital western interests are involved. But back in the 1950s parliament and country went through years of dispute over rearmament, formation of the Bundeswehr (the federal armed forces) and membership of Nato which surpassed in bitterness the arguments going on now.

The SPD and Dr Konrad Adenauer's Christian Democratic Union (CDU)—now led by Herr Kohl—seemed to be not so much parliamentary opponents as arch enemies. The Social Democrats were against Nato membership (not least because they felt it would impede German reunification) and accused the then Defence Minister, Herr Franz Josef Strauss, of trying to get his hands on atomic weapons.

The SPD changed its stance only gradually and stayed in opposition for 17 years. If it is lucky, it may not be out of government quite so long this time.

In the 1960s the Federal Republic faced what many people saw as a grave new challenge to its democratic system. For three years a "grand coalition" between unlikely partners—the CDU and SPD—virtually blotted out parliamentary opposition.

Emergency laws were passed which brought thousands on to the streets in protest. Those demonstrations gave way to the student riots and the extra-parliamentary opposition.

Ostpolitik

In the early 1970s new verbal battles erupted over the SPD Chancellor Willy Brandt's "Ostpolitik" which many on the right felt meant selling out national interests to the communist East. Later in the decade the upsurge of terrorism brought counter-measures turning Bonn and many political and business centres throughout the country into something like armed camps.

Tougher anti-terrorism laws were passed, bringing charges at home and abroad that West Germany was being turned into a police state.

This list of threats is far from exhaustive. In its 34 years of existence the Federal Republic has rarely been free of some major challenge, causing prophecies of impending disaster. But throughout these three decades German voters have displayed a dogged, in the circumstances astonishing, stability.

They have ignored the wildest threats and promises and have given virtually no support to extremist parties at any time, with one exception on the right-wing for a time in the 1960s.

The latest general election in March this year broadly confirmed the trend. It confirmed in office the middle-of-the-road Herr Kohl, with his liberal coalition partner, the Free Democrat Party (FDP).

The FDP is widely claimed to be in its death throes, but then this has been said of it since its foundation. Probably more in danger is the parliamentary newcomer, The Greens, whose favourite anti-missile and ecology themes are being stolen by an SPD revelling in freedom from government responsibility.

None of that means Herr Kohl does not face a hard autumn and winter with much sound and fury over the missiles. Quite apart from the domestic resistance to deployment, the Soviet Union is felt bound to intensify its campaign of threats and blandishments directed mainly at Bonn (also no new experience for a West German Government!)

The most likely outcome is that the first handful of new American weapons will be delivered more or less on schedule, that the storm of protest will gradually recede and that the Superpower negotiations on missiles limitation will resume after a sullen interlude during which the Soviet Union will insist it is no longer ready to talk.

After all, until some three years ago Moscow said it would not even begin negotiations on intermediate-range missiles.

Herr Kohl's economic problems are more durable. He is now entering a difficult third phase of his Chancellorship. The first phase, from last October until March, was dominated by the General Election campaign and inevitable slogans in support of Herr Hohl like "Vote for the (economic) Upswing."

The second, from March until about late summer, was marked by a surge of business confidence that, with the threat of an SPD-Greens parliamentary majority removed, better economic times were on the way.

In the third phase the euphoria has largely evaporated and the problems seem to loom almost as big as before—relatively high government borrowing (despite cuts), a growing number of jobless, big problem sectors like shipbuilding, steel and, more important, electronics.

The Germans also hear a sceptical chorus of foreign voices demanding to know what has happened to the "land of the economic miracle" and quite a lot are inclined to ask themselves the same thing.

The realistic answer is that there is no miracle and that neither Herr Kohl nor anyone else is going to produce one.

CONTINUED ON NEXT PAGE

COMPARATIVE PERFORMANCES for 1982

Country	Area in thousand of sq km	Inhabitants in m.	Inhabitants per sq km	Gross National Product Dm bn	GNP Share in % of industrialised countries	GNP Per inhabitant DM '000	Hourly earnings* DM	Exports DM bn	Exports % of GNP†	Imports DM bn	Imports % of GNP†	Inflation rate‡	Capital market rate of int.§ in %	Official reserves‖¶ DM bn
Germany	249	62	249	1,595	8.7	25.7	36.08	428	26.7	376	23.5	+4.6	7.9	115.0
France	547	54	99	1,309	7.2	24.2	20.62	224	17.0	280	21.3	+9.7	15.4	46.8
Utd Kingdom	244	56	229	1,138	6.2	20.3	17.34	236	20.8	242	21.3	+5.4	10.6	31.2
U.S.	9,363	232	25	7,351	40.3	31.7	28.48	516	6.9	592	7.9	+3.9	10.6	78.4
Japan	372	118	317	2,546	13.9	21.6	16.27	369	14.5	346	13.6	+1.8	7.8	57.7

* Wages plus supplementary costs. † GNP=Gross National Product. ‡ December 1982. § Yield of fixed-interest securities. ‖ Incl. EC intra-trade. ¶ Statistical data of the IMF, gold at SDR 35 per ounce.

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The Chancellor's most notable achievement is to see possibilities for agreement in the midst of differences

Unruly coalition rolls on

Politics

JONATHAN CARR

A YEAR after taking over Chancellor Helmut Kohl has turned out neither the disaster his opponents predicted nor the harbinger of revolutionary change some of his more hot-headed supporters wished. He presides over the usual unruly Bonn coalition of the centre. At the most recent test of his popularity, two Land elections in September, his Christian Democrats lost votes in one state and gained them in another. Not bad.

Ranged against him in parliament are the Social Democrats (SPD), who, ejected from power as roughly as the Palestinians from Beirut, have mutinied. On the important question of whether West Germany should accept new U.S. nuclear missiles, a dam burst of anti-nuclear sentiment has overwhelmed not only the line championed by Herr Helmut Schmidt in office but also a party executive anxious to prevent a complete break with Nato policy.

The newcomers in the Bundestag since the March election, the Greens, have performed wonders of hard work and organisation. Though occasionally foolish and often badly overstretched, they are making their presence felt in a wider area than their original preoccupations of disarmament, the environment and the role of women. *However*, the deputies are in a state of perpetual tension with the movement at grass-roots, where can be found shades of left-wing opinion and a dogmatic fanaticism that many thought extinct.

At the start of the year after taking office Helmut Kohl gives the impression that he has only ever been Federal Chancellor, nothing else. His most notable characteristic, to see possibilities for agreement in the midst of glaring differences, has proved a great asset in handling his coalition and, above all, the sniping between the junior partners, Herr Hans-Dietrich Genscher's Free *Democrats* (FDP) and Herr Franz-Josef Strauss's Bavarian Christian Social Union (CSU).

The FDP, whose traditional role is to make and then destroy German governments, *is still* weakened by its abandonment of Herr Schmidt in September, 1982. Never a party with a coherent identity, it has yet to develop a firm voice within the Government.

For the moment, the still centre or axis of Herr Kohl's administration is his friendship with Herr Genscher, which stretches back at least to 1969 when Herr Kohl actually tried to put together a union-FDP government against the spirit of the times.

For the chancellor, Herr Genscher acts as a counter-balance to the CSU and particularly Herr Strauss's ambitions. The Bavarian, whose intellect has always outstripped his political judgment and consistency, suffered a serious set-back at home in the summer when a CSU party congress rebelled at their chairman's role in negotiating a federal guarantee for a bank loan to East Germany. In recent months he has been keeping quieter than usual.

CDU dominant

The result is that Herr Kohl himself, and the CDU are very much dominant. However, Herr Kohl faces the problem of maintaining the coalition balance should the Bonn public prosecutor's investigations of illegal party contributions force resignations in Cabinet.

In the longer term, Herr Kohl must impose discipline in the delicate areas of foreign policy (above all with East Germany) and try to heal the wounds in the country opened up by the missiles deployment issue and by growing unemployment.

The SPD, too, must decide where it is going. The unity the party has achieved in rejecting deployment is uncomfortable for some of the parliamentary party — including Herr Hans Jochen Vogel, the Opposition leader in parliament. It strengthens those elements who see the SPD's future in scooping up of the young and those new political forces who have voted for the Greens.

The risk in this line, which has the typically ambiguous support of Herr Willy Brandt, the party chairman, is that it risks alienating a changing but still traditional working class.

Not surprisingly, the Greens are extremely disturbed at this trend — especially as the "peace movement" in which they swim more or less comfortably is likely to lose its mass character once the first missile deployments are made in December.

It is open to question whether they can carve a niche for themselves to survive in the Land elections next year.

The motives behind Erich Honecker's benevolent new Westpolitik

Closer ties in tougher times

Relations with East Germany

LESLIE COLITT

NO LESS an authority on East-West German relations than Herr Egon Bahr, the negotiator of West Germany's basic relations treaty with East Germany for the previous SPD-led Government has praised Chancellor Helmut Kohl's policy towards East Germany. He said the Chancellor was clever enough to nurture the seeds *sown by the SPD and was now* "reaping the harvest."

The harvest consists of a host of contacts between West German politicians and the East German leadership, the likes of which have seldom been seen since the division of Germany was completed in 1949. East and West Germany are resuming long postponed talks on a cultural agreement and an agreement on science and technology while beginning negotiations to clean up the polluted rivers and air which they share.

In return for a DM 1bn loan to East Germany in June by West German banks which was guaranteed by the Bonn Government, East Germany has eliminated the currency exchange requirement for Westerners entering East Germany up to the age of 14. Previously churlish East German border guards are now engaged in a version of "socialist competition" to see who can be friendlier to West Germans entering the country.

East Germany has grabbed headlines in West Germany by dismantling the automatic shrapnel weapons mounted at its final border fence to stop East Germans from escaping. Herr Erich Honecker, the East German leader, said earlier this month the "responsible authorities" in East Germany had decided to remove all the weapons which he referred to as "things." He added they were

Friendlier relations now exist between Erich Honecker, the East German leader, and Chancellor Kohl (right)

"harmless" compared with the new U.S. missiles which are to be deployed in West Germany.

Both the loan and the missiles in fact go far towards explaining the motives behind East Germany's benevolent new *Westpolitik*. East Germany needs yet another loan from the West if it is to get through this year's and next year's badly bunched repayments on its estimated \$11bn-\$12bn debt to the West, without sharply curtailing supplies to its population.

Moscow approves

West Germany has made its guarantee of an additional loan conditional upon further East German steps to improve humanitarian contacts between the two Germanies.

West Germany's willingness to help East Germany with its debt problems is proof than Bonn is the one which holds an "umbrella" over East Germany in times of financial distress and not the Soviet Union as was once supposed.

East European diplomats in East Berlin note that Moscow has given East Germany the green light to intensify its contacts with Bonn in order to demonstrate what can be achieved if West Germany refrains from deploying the U.S. missiles on its territory.

Herr Honecker recently stressed that a "new ice-age" could descend on East-West German relations if this took place. He added that he was speaking in the name of the "German people," a phrase which was music to Bonn's ears, as East Germany for more than a decade had refused to admit its population is of German nationality.

Ironically it has been much easier for East Germany to turn on its gruff charm to Herr Kohl's government than to the SPD under Helmut Schmidt. The majority of East Germans have always felt more sympathy for the SPD than *for* the CDU which automatically made the Social Democrats a far more dangerous partner for the East German Communists.

There are limits to how far East Germany is likely to go in retaliation against West Germany if the missiles are deployed. East and West Germany are locked into a series of dependent relationships which have evolved over the years in addition to their common history.

West Germany transfers more than DM 1bn annually to East Germany in payments connected with West Berlin's presence 110 miles inside East Germany.

East Germany benefits enormously from the DM 16bn in trade it will conduct with West Germany this year. Nowhere else can it obtain goods without paying hard currency as it does in the clearing arrangement used in inter-German trade. Similarly the products which it delivers to West Germany are extremely difficult for East Germany to sell elsewhere.

When they came to office the Christian Democrats spoke of the principle of "results in return for results" as the one which would guide them in their relations with East Germany. In short Bonn would offer concessions to East Germany only to the extent to which East Germany made concessions to West Germany. But in the *ensuing year the CDU* has fallen into much the same predicament as its SPD predecessor.

The Bonn Government is reluctant to criticise publicly East Germany for making insufficient concessions as this would be tantamount, it believes, to admitting that its "hard-headed" approach towards East Germany was not meeting with the desired results. Thus West German officials went out of their way to defend the dismantling of the automatic weapons at the border as the best one could hope to get from East Germany in such a sensitive area.

Government officials were already speaking about the conditions East Germany would have to meet in order to get a fresh loan although East Berlin had only taken the first humanitarian steps Bonn had called for when guaranteeing the first loan.

It is now the SPD opposition which is criticising the CDU for *allegedly giving* too much to East Germany without demanding more in return.

Kohl prepares for a hard winter

CONTINUED FROM PREVIOUS PAGE

But the Germans nowadays may comfort themselves with the thought that talk about former miracles (some people even refer to two of them in post-war Germany) was always a bit exaggerated.

True, the Germans seized all their chances in the extraordinary circumstances of post-war reconstruction and Marshall Aid; but in the 1960s they were already experiencing their first recession, mild by modern standards but still involving GNP contraction in real terms and sharply rising unemployment — all the more shocking after the boom years of the 1950s.

After the first oil crisis in the mid-1970s the Germans seemed to many people to be producing another miracle, turning in a record trade surplus despite a higher oil bill, and keeping inflation relatively low.

In fact there was little miraculous about it. West Germany held to a relatively tight fiscal and monetary policy at home when its major partner countries were trying to spend their way out of trouble, and instead boosted their inflation rates.

The result was a boom for German exports and a relative advantage on costs and prices which lasted for years. More recently almost all countries have battled against inflation (perhaps they have even gone too far towards killing the patient) and the Germans have lost a lot of that relative advantage they once had.

In the circumstances it may seem almost "miraculous" that the Federal Republic achieved its biggest ever trade surplus last year (though weak imports help account for this as well as thriving exports).

That said, several of the key factors which have long helped the Germans to produce a relatively good economic performance are still present. One is a strong and moderate trade union organisation—a description still valid despite fierce public rhetoric and the gradual generation change in the leadership.

Another is an independent central bank. Yet another, powerful but less definable, is a widespread inbuilt aversion to inflation dating back to the hyperinflation trauma of the Weimar era.

Further, alongside the problem sectors are success stories—for example in chemicals, vehicles and engineering where many companies have been adapting to produce higher-value products for new markets.

Perhaps they should be adapting still faster. There is at least a strong suspicion that the Germans are *not* very flexible, that they are not quick to pounce on new ideas. But once they have set themselves painfully on a new course they are thorough and tenacious.

What they urgently need is the steady, durable emergence of their trading partners from recession—and *that is* something *over* which they have relatively little influence.

Is West Germany then simply a country very like its medium-sized western European neighbours, neither performing miracles nor plunging into revolution but struggling along fairly well in hard circumstances?

That definition would stand but *for* one *thing*—the Federal Republic is one part of a divided nation. The point should be stressed this year in particular for two reasons.

First, those who felt that Herr Kohl's Government might introduce a far tougher policy line towards the communist East, and towards East Germany in particular, have been proved wrong. Herr Kohl's "Ostpolitik" is fully in line with that of his Social Democrat predecessors Helmut Schmidt and Willy Brandt.

It might even be argued that Herr Kohl has gone further, by approving a DM 1bn credit to the East Germans to help improve ties. There may well be a temporary freeze in inter-German ties when the new U.S. missiles are deployed, but no more than that.

Second, while attention naturally focuses on the intermediate-range missiles negotiations at present, they are *only one part of* East-West talks aimed at achieving balanced cuts in forces and weaponry.

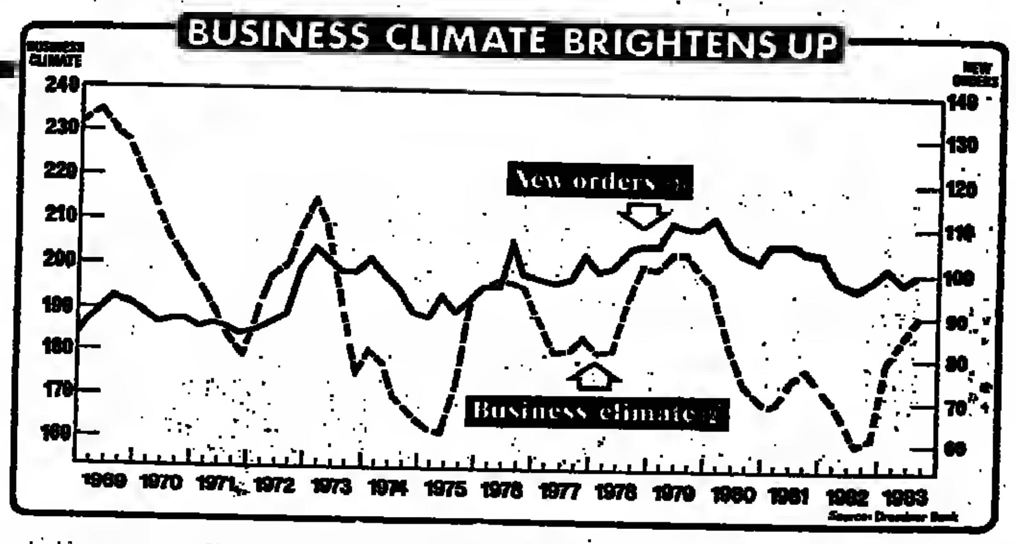
Progress has been very slow but success implies some loosening of the influence of both superpowers on the European continent and greater room for manoeuvre for the two German states.

That is not for tomorrow or even the day after. But the Federal Republic remains constitutionally committed to German unity.

It is worth noting that in a letter to Herr Kohl this month, the East German leader Erich Honecker highly unusually ended with the phrase "in the name of the German people." Herr Honecker used to seem so proud of a separate East German identity.

The Government has followed a sensible middle-of-the-road course

Hopes pinned on higher exports



Economy

JONATHAN CARR

OR ALL those ready to make ne very big, positive assump- on, the outlook for the West erman economy next year is nusually good. Most forecasters pect Gross National Product to ow in real terms (after allow- g for inflation) by at least 2 r cent. That is double this ar's growth rate, itself a clear nprovement after two succes- ve years of real GNP contrac- n.

Consumer prices should rise average by well below the 83 figure of about 3 per cent; e current account of the lance of payments should ow a slightly bigger surplus d government borrowing is ely to be cut for the second ar in a row.

The biggest flaw in the pic- e is that even with the higher nomic growth rate unemploy- nt will rise to an average of ne 2.5m (about 10 per cent the dependent labour force) er 2.35m this year.

This is mainly because, for nographic reasons, about ,000 more people annually coming onto the labour mar- . It is a problem with which st Germany will have to live a few years yet.

he big assumption is that ex- ts will pick up strongly next r and act as "locomotive" an economic upturn so far ained by home demand. man industrialists seem to e few doubts that this will pen.

survey published this th by the IFO economic arch institute of Munich vs that industrialists believe r export sales will rise on age by 8 per cent in 1984 after only 1 per cent this year. Manufacturers in the key invest- ment goods sector as well as producers of consumer durables are among the most optimistic.

German companies evidently believe that two factors in par- ticular are going to help boost their foreign sales. One is the clear undervaluation of the Deutsche Mark against the U.S. dollar. This not only improves the price competitiveness of German goods in the U.S. itself (which takes only about 7 per cent of Germany's exports) but on all markets where the Ger- mans are up against American rivals.

The other factor is that the companies expect the economic upswing in the U.S. to spread more strongly to Western Europe next year, where the Germans sell well over half their exports.

There is a problem with this analysis. A major reason for the over-valuation of the dollar against the D-Mark has been the high level of U.S. interest rates.

Realistic

If German exporters expect to continue to profit from this favourable D-Mark / dollar relationship, the assumption must be that U.S. interest rates will not fall. This seems realistic since few observers believe a cut in the U.S. budget deficit, a key cause of the high rates, is likely before the Presi- dential election next autumn.

High interest rates however are a big factor depressing investment and economic re- covery—not least in those Euro- pean states to which the Germans are hoping to sell a lot more goods next year.

The German companies seem implicitly to accept this point when analysing their prospects at home. They think domestic sales will rise by only 4 per cent next year, after 3 per cent in this, so that even with the hoped-for foreign boost, overall industrial production will rise by less than 2 per cent.

They plan to increase their gross fixed asset investment in nominal terms in 1984 by 2 per cent. That is still double the rate for this year, but markedly below the boost in investment in 1984 which companies were planning at the start of this year. Industrialists give general economic uncertainty and rising interest rates between the spring and autumn as reasons for the downwards revision.

True, German exporters have a talent for confounding the pessimists. Last year they raised their share of the de- pressed world export market from 9.5 per cent to 10.5 per cent, and helped the country to its biggest ever visible trade surplus of DM 51.2bn. It is only right to note, however, that e big question mark hangs over prospects for 1984, and if exports go wrong then a lot of the other rosy figures for economic performance next year can be scrapped too.

By all the previous experience of the post-war years, West Germany should now be in the middle of a foreign sales boom. Exports have always led the way in previous economic recoveries, boosting production, employment and then domestic demand.

This year things are different. West Germany has an economic upturn which is stronger than almost anyone, including the Bonn Government, expected in January. At first Bonn cau- tiously felt "zero growth" in real terms might be possible, later it revised its expectations up to 1 per cent, now some ministers think it might even be slightly more.

Foreign sales have not been responsible, however. Exports fell by 2.2 per cent in the first seven months against the same period of 1982, while imports dropped by 0.7 per cent. The result was a visible trade sur- plus down to DM 24.3bn com- pared with DM 28.1bn before.

This unpleasant surprise was more than counter-balanced by an unexpected cut in West Ger- many's deficit on "invisibles" —so that the country can still expect a current account surplus this year marginally bigger than that of 1982.

Nor was the economic recovery helped by an upsurge in investment as many pundits thought it might be. Instead the upswing emerged partly through demand from the con- struction industry (which is benefiting from special Govern- ment aid) and partly, to every- one's astonishment, through increased consumer demand.

It had seemed fair to assume that with real incomes stagnant or even falling again this year, consumers could be virtually counted out as a source of eco- nomic stimulation. Instead, Germans plundered their savings accounts (so that savings as a percentage of dis- posable incomes have dropped to their lowest level since 1978) and went on a spending spree, especially for new cars.

It is hard to say what was responsible for this odd behaviour. Government sup- porters claim it was a sign of confidence in Chancellor Helmut Kohl's centre-right coalition to "get the economy right" after more than a decade of rule by the centre-left. Pessimists sug- gest it was more a case of "eat, drink and be merry for tomor- row — who knows?"

At least this spending phenomenon cannot be relied upon to continue indefinitely. Despite the usual fierce public rhetoric by trade unions and employers preceding the annual autumn-winter wages bargain- ing, it is more than likely that wage increases for 1984 will again barely match the rate of inflation.

Spending

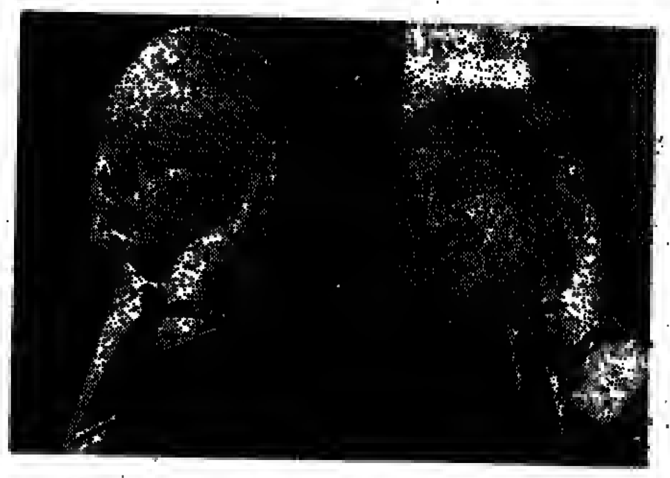
A further big cut in savings to finance a second wave of consumer spending is not prob- able. That is one more reason for pinning the biggest hopes on exports.

The Government — especially the outstandingly competent Finance Minister, Dr Gerhard Stoltenberg — deserves credit both for what it has done and what it has not done. It has cut net federal government bor- rowing from a likely DM 50bn this year to around DM 40bn (around 2.5 per cent of GNP) and may be able to cut it to below DM 37bn in 1984. At the same time it has helped boost the building industry and relieve the costs burden of private sector enterprises through tax and other benefits.

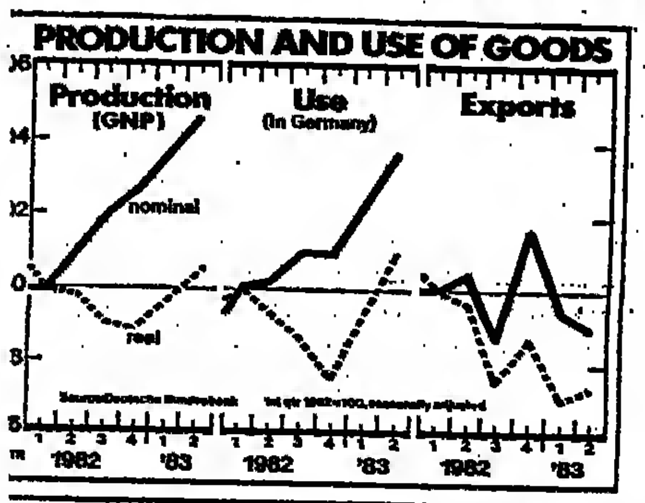
It has not followed the rash advice of some on the right who proposed a more sharp swing away from the state to the pri- vate sector. It has not even heeded the counsel of some members of the leading govern- ment party who, in opposition more than a year ago, were proposing slashing all state sub- sidies across the board.

It sounds attractive—until you get down to the details and see the inequities and contradic- tions the "broad brush" approach would involve.

On the whole the Govern- ment has followed a sensible middle-of-the-road course. That helps encourage economic recovery—but it cannot guaran- tee it.



Did you say there was an economic upturn? Dr Gerhard Stoltenberg (left), Finance Minister, and Herr Karl Otto Poehl, Bundesbank President, strain their ears for a word of encouragement.



UGHER TIMES FOR FOREIGN TRADE

	1982 DM bn	1982 Share in %	1980 Change on prior year in %	1981	1982
experts	427.8	100.0	+11.4	+13.3	+ 7.8
EEC	205.9	48.1	+10.9	+ 8.2	+10.7
er European Countries*	81.4	19.0	+14.9	+ 7.1	+ 6.8
rth America	30.7	7.2	+ 2.5	+21.4	+ 6.8
in America	11.1	2.6†	+19.2	+19.9	−19.5
ica	24.1	5.6‡	+25.5	+30.2	− 3.6
a*	48.7	11.4§	+ 8.1	+44.5	+14.2
tern Bloc Countries	20.5	4.8	+ 3.0	+ 9.8	+ 4.9
tralia/Oceania	3.8	0.9	+ 4.2	+28.2	+18.8
imports	376.6	100.0	+16.9	+ 8.1	+ 2.0
a EEC	181.3	48.1	+11.4	+ 9.0	+ 3.7
er European Countries*	56.1	14.9	+19.4	+ 8.9	+ 4.5
th America	31.6	8.4	+25.2	+ 8.1	− 0.3
in America	13.0	3.4‖	+ 7.7	+ 0.2	+15.9
ica	25.2	6.7¶	+24.1	− 4.0	− 1.5
a*	45.4	12.1¶	+33.7	+12.6	− 9.7
tern Bloc Countries	21.3	5.7	+ 8.5	+10.3	+10.7
tralia/Oceania	2.4	0.6	+ 9.3	+ 2.5	+ 1.0

. Eastern Bloc Countries. † Of which: OPEC 0.4%. ‡ Of : OPEC 2.3%. § Of which: OPEC 6.2%. ‖ Of which: OPEC ¶ Of which: OPEC 4.2%.

HOW THE SECTORS FARED

exports	427.8	100.0	+11.4	+13.3	+ 7.8
d vehicles	72.4	16.9	+ 6.2	+17.7	+16.4
h. engineering prods.	66.3	15.5	+11.4	+ 9.2	+ 5.9
mical products	53.9	12.6	+ 7.5	+13.7	+ 2.9
trical eng. products	41.5	9.7	+10.8	+ 9.0	+10.8
dstuffs, agric. products	25.1	5.8	+10.8	+23.9	+ 3.2
and steel	21.2	5.0	+ 4.1	+12.7	+ 0.8
tiles	13.9	3.2	+ 4.9	+ 8.1	+ 6.0
alware	12.0	2.8	+11.9	+ 7.0	+ 9.1
and spacecrafts	11.7	2.7	+35.4	+57.6	+44.2
r products	109.8	25.8	+17.1	+11.5	+ 4.9
imports	376.6	100.0	+16.9	+ 8.1	+ 2.0
eral oil, natural gas	60.2	16.0	+49.2	+17.4	− 5.2
dstuffs, agric. products	54.0	14.3	+ 8.7	+ 9.0	+ 3.1
mical products	31.5	8.4	+10.7	+13.1	+ 4.9
trical eng. products	24.0	6.4	+19.1	+10.0	+ 4.9
eral oil products	23.4	6.2	+ 4.5	+15.9	+ 7.7
d vehicles	17.3	4.6	− 1.5	+ 7.0	+ 0.9
tiles	17.1	4.5	+10.6	− 0.4	− 1.0
hanical eng. products	16.6	4.4	+18.4	+ 1.7	− 0.4
-ferrous metals	13.9	3.7	+37.9	−18.7	+ 5.6
r products	118.6	31.5	+13.2	+ 6.7	+ 3.5

Source: Dresdner Bank

INDUSTRIAL SALES AND OUTPUT

	1982 Sales DM bn	1982 Export ratio*	1980 Industrial production Change on prior year in %	1981	1982
anuf'ng industry†	1,128.5	28.3	− 0.4	− 1.9	− 3.1
ffs	129.7	8.7	+ 2.1	+ 2.4	− 0.8
ehicle building	128.2	47.9	− 4.4	+ 3.1	+ 1.0
ical engineering	118.7	46.3	+ 3.3	+ 0.1	− 3.0
als	117.9	41.1	− 4.4	+ 1.2	− 4.8
al engineering	108.3	32.5	+ 3.3	− 2.0	+ 0.7
l oil processing	62.4	5.3	− 6.9	−11.3	− 2.1
d steel	41.9	41.8	− 3.5	− 2.7	−12.6
are	34.3	24.2	+ 3.2	− 3.2	− 4.4
s	30.3	25.1	− 1.5	− 8.6	− 1.7
	29.5	12.9	− 0.1	+ 0.6	+ 1.6
processing industry	28.1	21.0	− 2.4	− 2.4	+ 0.3
g materials	27.5	10.2	− 2.6	− 8.5	− 6.7
rocessing industry	24.9	11.4	+ 0.3	− 9.2	−10.1
rging, cold roll. mills aping	23.5	19.7	− 1.9	+ 0.5	−10.3
d light metal struct's	23.1	19.8	+ 6.2	+ 0.1	− 2.2
nd duplicating ind.	20.1	6.5	+ 3.4	− 2.4	− 2.7
g	19.9	15.6	− 5.1	− 6.9	− 5.5
rous metals industry	19.2	28.3	− 0.6	− 3.1	− 0.6

Source: Dresdner Bank

Pöhl performs delicate task

Bundesbank

STEWART FLEMING

THE ANNOUNCEMENT in July that Herr Karl Otto Pöhl, President of the West German Bundesbank, would succeed Lord Richardson the retired Governor of the Bank of England as chairman of the Group of Ten central bankers will undoubtedly have been a source of satisfaction to the man who only took over the leadership of the West German Central Bank at the beginning of 1980.

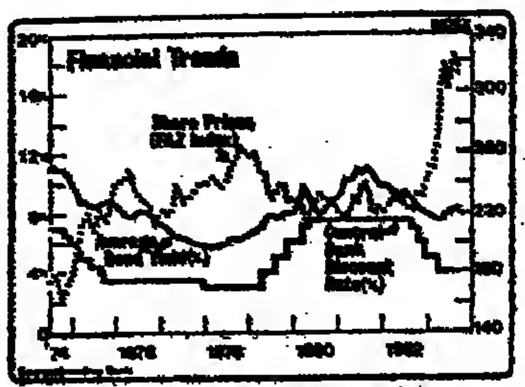
In the three years since taking office the Bundesbank President and his colleagues on the Central Banks executive board, the Direktorium, have had to face up to a succession of major challenges any of which could, if badly handled, have severely damaged the Bundesbank's hard won international reputation for independence, not only from the Government in Bonn, but also from the banking industry.

The fact that Herr Pöhl should be invited to succeed Lord Richardson can be interpreted at least in part as an implicit confirmation of the Bundesbank's success in meeting these challenges.

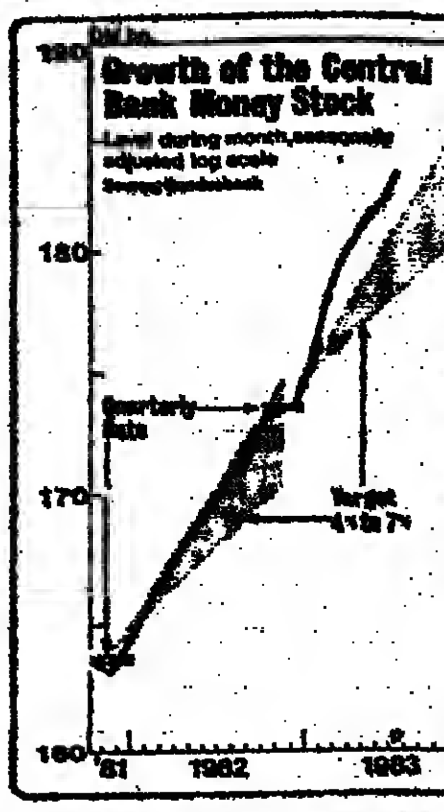
Barely had Herr Pöhl taken office when the West German currency was plunged in April 1980 into a crisis as U.S. interest rates surged to unprecedented levels and the Federal Republic's current account began to slide into what was to become a world record current account deficit.

What in April 1980 looked like a painful but temporary currency upheaval developed ultimately into a protracted re-assessment of the strength of the German economy. By February 1981, with the economy already slumping into what has proved to be its longest and deepest post-war recession, the Central Bank found itself having to re-align its economic priorities, and put the battle against mounting inflation and the restoration of international confidence in the Mark at the top of its list.

The shift was bitterly criticised on the grounds that the record interest rates which resulted from this shift of policy were pushing the economy even deeper into recession—which they were—and thus throwing tens of thousands of workers out of jobs.



In the second half of 1982, as inflationary pressures eased and the current account returned to surplus, the Bundesbank was able to put measures to stimulate the economy, through an easing of monetary policy, back at the top of its priorities.



Doubts

Only in the second half of 1982, as inflationary pressures eased and the current account returned to surplus, was the Bundesbank able to put measures to stimulate the economy through an easing of monetary policy back on the top of its list of priorities. The Central Bank's hopes that its stability-orientated policy would win it independence from the wild fluctuations on the foreign exchange markets and the unpredictable swings in U.S. interest rates, have not however been realised, partly because of the attractions of dollar investments to managers of international funds, but partly, too, because of continued doubts about the long-term strengths of the German economy.

Economic challenges have not been the only ones which the Central Bank has had to handle. In the political field, too, the Bundesbank has had to tread a narrow path for in 1982 and in the months leading up to the West German General Election in March 1983, the political landscape was transformed. Herr Helmut Schmidt, the Social Democratic Party Chancellor, had to bow out, and hand over the reins of Government to Dr Helmut Kohl, of the Christian Democratic Party.

Had Herr Pöhl, a former protegé of Chancellor Schmidt's, not been at pains when he took office, to distance himself from his former political friends, this period could have been a traumatic one for the Central Bank. In any case it had to appear not to be making monetary policy decisions which could be interpreted as favouring one side or the other—a delicate task since it was clear that the economic policies being proposed by Dr Kohl were much more in sympathy with what the Central Bank was advocating in terms of control of government spending and a re-distribution of national income in favour of the corporate sector.

In retrospect it can be argued that the expansive monetary policy and sharp reductions in interest rates which the Bundesbank put into effect in the second half of 1982 favoured the new right-of-centre coalition. But monetary policy decisions were carefully timed so as not to create the impression of partiality.

In the international field, too, the Central Bank has found itself involved in controversy. Its refusal to exercise powers of moral persuasion in order to put pressure on the German banking industry into keeping credit lines open to Brazil was undoubtedly seen in London and Washington as "unhelpful" in the context of the sovereign debt crisis.

Traditionally, however, the Bundesbank has maintained a degree of independence not only from the Government in Bonn, but also from the banking industry which it is partly responsible for supervising.

In the Bundesbank's view pressing banks to make loans would have been tantamount to sharing the banks responsibility for their lending—something which it has carefully avoided doing, not only in this case, but also through the style of its supervisory activities.

It would be misleading to conclude that the Central Bank's judgement has always been right however. Like many economists it appeared to react too late to the signs that the economy was slipping deeper into recession in the second half of 1982.

Then, in March of this year, the final easing of monetary policy which cut the Lombard and discount rates to 4 and 5 per cent respectively (the Lombard rate had been 12 per cent at its 1981 peak) took all the wind out of the financial markets and instead of leading credit market interest rates down precipitated a sharp reaction which helped to drive long-term interest rates up a full percentage point to almost 8½ per cent by August.

With the economy now poised uneasily in the middle of an economic recovery which some forecasters think might peter out in 1984, the Central Bank's judgement will be sorely tested for the foreseeable future. The days when the Bundesbank's problems were the problems of dealing with economic success have past.

A year for sweeteners

Banking

STEWART FLEMING

EVERY YEAR West German commercial banks perform an elaborate strip tease before their shareholders. Beginning in early December with 10 months' figures for their West German parent companies, they gradually shed the veils to reveal their performance over the previous 12 months.

It is a process which never sinks below the highest standards of good taste—no bank indulges in anything which could be construed as being vulgar or indiscreet. Hidden reserves remain tantalising out of sight, so do untoward items like the full extent of loan loss provisions.

This year's show, in sharp contrast to recent years, is one which the shareholders of all the major banks are likely to enjoy. Already with their interim reports for the first six months of the year issued in the summer, banks such as Dresdner Bank and Commerzbank, who had had to cut and eliminate respectively their dividends to shareholders, have announced that they will be increasing or restoring their dividend payments.

Other banks may take the opportunity to raise their dividends, perhaps to sweeten a new equity issue in the face of stiffening capital ratios.

The happier tone which will be struck at forthcoming annual meetings will reflect the relief of top bank executives that, in what is a testing period for the international banking industry, the West German banks now have two highly profitable years behind them.

That shareholders are only this year beginning to reap the benefits of those years reflects the severity of the problems some banks ran into between 1979 and 1981 and the realisation in bank boardrooms that much work had to be done reinforcing the banks' internal finances, beefing up hidden reserves and loan loss provisions, before shareholders could be rewarded for their patience.

The Bundesbank, the West German Central Bank, in the annual analysis of the performance of the West German parent banks (an analysis which does not include the foreign subsidiaries of the banks in places like Luxembourg) has already made it clear that 1982 was, judged by operating profits, a record year for the banking industry in general. The commercial banks, co-operative banks, savings banks and Landesbanks, the major banking sectors, all shared in the profits surge.

Operating earnings for the industry as a whole including savings banks and co-operatives for example, rose from DM 18.5bn to DM 25.1bn, an increase which brought the average return on business volume to a record peak of 0.95 per cent.

The various banking groups showed sharply differing rates of increase, however. The savings banks and co-operative banks, both of which have access to a bigger volume of cheap retail deposits than most of the commercial banks, reported lower rates of increase than the commercial and Landesbanks, for example, reflecting the fact that they had profited heavily from the high interest rate when many commercial banks and Landesbanks were struggling to cope with securities and funding losses.

In contrast, 1982 saw a surge in the operating profits of the commercial banks and the Landesbanks while the savings and co-operative banks enjoyed more modest gains.

Behind the profits turnaround lay the banks' determination, born of necessity after the mauling they had suffered in the previous two years, to exploit the favourable falling interest rate environment to the full.

A profit-orientated management of their lending portfolios ensured that the banks reduced the rates of interest they charged their customers as slowly as possible and was accompanied by a more sophisticated management of their liabilities. The latter was not difficult to achieve because management previously exercised only crude control over liabilities.

Sharp rise

The result of this twin-pronged attack on their balance sheet management was that the banks were able to reduce their funding costs much more quickly than their lending fees, and, in many cases, widen their profit margins substantially compared with the frequently depressed levels of 1981, thus bringing about a dramatic recovery in profits.

In addition, particularly for the Landesbanks, the banks were able to increase sharply the profitability of their trading activities in bond issues.

As both the Bundesbank and the interim reports from the commercial banks themselves make clear, this happy coincidence of favourable factors continued well into 1983. In the first quarter of the year, until the mid-March cut in the Bundesbank's discount and Lombard rates, the happy coincidence of favourable interest rate trends continued.

Margins were maintained partly, for example, by cutting further interest paid to depositors and savers.

As money market and credit market rates rose between March and June, savers had another full percentage point cut off their deposits giving the banks another boost to their margins.

Against the sharp increase in operating profits during 1982 and the first half of 1983, have to be seen no less striking increases in loan loss rovisions and write offs as a result of both the domestic bankruptcy wave and the international debt crises.

For the West German parent banks alone, for example provisions and loan write offs rose from just over DM 5bn in 1980 to over DM 12bn in 1982. Although banks enjoyed record earnings at the operating profit level last year, at the pre-tax level after provisions and write offs, profitability was higher than the average of the past ten years as a percentage of assets, but not a record.

PROFILE: HORST K. JANNOTT

Quiet boss of Munich Re

Herr Horst K. Jannott is the self-effacing ruler of a little-known empire. Neither Herr Jannott nor his company, Münchener Rückversicherung (Munich Re), are often in the headlines but despite that (or perhaps partly because of it) both have extraordinary influence.

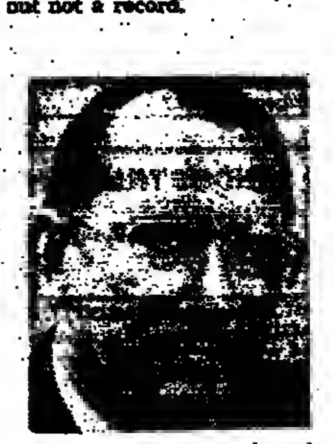
Munich Re is the world's largest reinsurance enterprise, though it is not company style to boast about that fact, and Herr Jannott has been head of the managing board since 1969. "Ruler" is not too strong a word to use. Virtually nothing seems to emerge at Munich Re without Herr Jannott's active involvement, even down to the choice of art works for display at the company's palatial headquarters by Munich's English Garden.

Herr Jannott's insurance partners (and reinsurance rivals) speak of him with some awe. Born in Gotha in 1928, he graduated in law but made his name and career as a balance sheet wizard with an unusually retentive memory. When he joined Munich Re, in 1954, the company's gross annual premium income totalled about DM 300m. Now the total is more than DM 9bn—with a tripling of the volume in the last decade alone.

Premium income figures alone, however, do not reveal the underlying strength of Munich Re. The company has investments with a book value given as over DM 9bn, clearly a highly conservative figure even by the safety-first accounting standards of Herr Jannott. This is where the profits come from which more than make up for the losses on reinsurance business as such.

Among Munich Re's many holdings is a 50.5 per cent stake in Hermes Kreditversicherung, which the Bonn Government uses as an agent for export credit insurance. It also has direct holdings in a cluster of insurance and industrial companies, as well as big indirect stakes in Degussa, the precious metals concern, and Gutehoffnungshütte, Europe's biggest mechanical engineering group.

Little wonder that Herr Jannott is constantly underway, as chairman of four different supervisory boards, as a member of half a dozen or so others—and as adviser to, among other bodies, the Federal Insurance supervisory office in West Berlin. There are few better pinnacles than the top job at Munich Re from which to survey the wheels within wheels of the German economy.



Herr Jannott: at a pinnacle with a good view

Jonathan Carr

Deployment next month will make the ministry's three aims harder to achieve

Missile issue dominates debate

Defence

JAMES BUCHAN

"I would crawl on my knees from my constituency to Bonn if it would help us abolish medium-range missiles from this world."

IT IS 300 kilometres from the South German town of Goeppingen to the capital but the journey could scarcely be more painful to the local parliamentary deputy, Herr Manfred Woerner, the Defence Minister, than the debate over medium-range missiles so far.

Herr Woerner, 49, took over the elephantine ministry just outside Bonn a year ago at a time of looming problems of money and men for the 490,000 strong armed forces, Nato's largest force on the European continent. However, he has had to devote most of his time, and all his considerable eloquence, to the political defence of new U.S. nuclear missiles over catcalls from the Greens and some Social Democrats in parliament, and the anxious murmurs of a majority of the population outside it.

Four years ago, when Nato offered negotiations to the Soviet Union on medium-range missiles, there was widespread relief in Germany and a fond hope that a result might be reached before Nato fulfilled its threat to deploy up to 572 missiles in western Europe from this winter.

Nerve-racking

As the deadline nears, however, and the U.S. and Soviet Union are as far as ever from agreement, while Moscow has continued to deploy its SS-20 missiles, the prospect of 108 Pershing-2s in Germany (and later, 96 cruise missiles) has unleashed one of the most nerve-racking public debates in the Federal Republic's history.

Strategic arguments for deployment lose conviction before the popular belief—not unsupported by Nato thinking—that West Germany would be the first battlefield of a nuclear war. Bellicose statements in the early days of the Reagan Administration tended to confirm these fears.

The Bundeswehr, which has never been sure of its role in society, has been dragged into the debate. Gen Wolfgang Altenburg, 55, the new and well-regarded General Inspector, was recently asked by a pastor on television how he could reconcile his job as Commander-in-chief in a world of nuclear deterrence with his professed Christianity.

Further, since 1980, Bundeswehr installations have been almost as much a target of militant protest from the fringes of the "peace movement" as U.S. bases and missile depots.

In a recent newspaper interview, General Ferdinand von Senger und Etterlin, who has just retired as Nato commander, central Europe, gave a military justification for deployment.

Despite improvements in the Warsaw Pact's co-ordination of forces, the introduction of a long-range fighter bomber (the "Fencer"), and despite financial constraints on the performance of the Luftwaffe's Tornado aircraft and an ageing missile air defence system, General von Senger thought the East lacked superiority for a conventional attack. "The balance is only three-to-one which is the hard military fact that has decisively contributed to the peace of Europe," he said.

At the nuclear level, Soviet divisions are now equipped with modern short-range missiles (SS-21 and SS-23) and can expect cruise missiles in the foreseeable future. Most serious for General von Senger is the fear that the Soviet Union might be able to cripple Western Europe with accurate continental missiles that do not devastate entire regions and, above all, might not provoke massive retaliation from U.S. intercontinental forces.

The Soviet SS-20 might be just such a weapon (which its vulnerable and inaccurate predecessors, the SS-4 and SS-5, were not).

Herr Woerner, a politician if also a former reserve Luftwaffe officer, tends to concentrate on the political threat. In a speech prepared for a Bundestag debate last month, he said that the 351-odd SS-20s marked a Soviet desire to undercut an intercontinental balance "with a regional nuclear superiority which will allow Moscow to terrorise the Europeans without risk and, eventually, dominate Western Europe."

At the same time, he and other government ministers have done their utmost to portray the U.S. as flexible and serious in negotiating with the Soviet Union so that it is not the West's fault if deployment has to go ahead.

The Greens

Organised against these arguments are the Greens, the Social Democrats reverting to the anti-armament stance of the 1950s, many churchmen and trades unionists and a very high proportion of young people, who are less impressed by warnings of Soviet domination —the Berlin crisis of 1961 lies outside their political memory — than by their own fears of a war cynically limited by the powers to Europe. In the course of the debate a number of anti-American and neutralist notions have been aired.

As for the views of the population as a whole, there has been a tawdry battle with opinion polls (in which the Defence Ministry foolishly involved itself). Not surprisingly questions phrased as "fry with Pershings" receive different answers to those phrased "Gulag without." What is clear is that a majority is desperately confused by the issue, that a majority would like to avoid deployment if possible and that a majority would like to remain good members of Nato.

There is no doubt that the first batch of Pershings will be deployed in December and only a shade more doubt that the opposition to deployment will lose its mass character after this date. However, the danger remains that the missiles issue will have so poisoned the debate on defence in Germany as to make three of the Defence Ministry's aims extremely hard.

The first is to devise a Nato defensive strategy which takes into account new technological developments while soothing fears that Germany will be a nuclear battlefield.

The second is to find broad support for spending on a new generation of expensive weapons, above all an aircraft to replace the Phantom F-4 in the 1990s. At present, a borrowing-conscious Finance Ministry is proposing nominal increases o under 4 per cent a year for the Bundeswehr up to 1987.

The third is the hardest: to maintain an armed strength of at least 450,000 when the sharp fall in the birth rate means that 100,000 conscripts a year will be lacking by the mid-1990s. To meet this, General Altenburg will not only need extra money for long-term volunteers but also political understanding for such tricky measures as lengthening conscript service.

Some of the 5,000 students who laid down and formed a human carpet in the main shopping street of Freiburg last week in protest against the siting of medium-range U.S. missiles in West Germany. They also face being carpeted by school authorities who banned such demonstrations

ENERGY CONSUMPTION

	Jan to June 1982 (million tonnes of coal equivalent)	Jan to June 1983 (million tonnes of coal equivalent)	% change	% share of total Jan/June 1982	% share of total Jan/June 1983
Oil	81.1	78.0	−3.8	43.2	42.7
Coal	40.8	39.5	−1.3	21.7	21.7
Natural gas	30.3	29.9	−0.4	16.2	16.4
Lignite	19.2	19.0	−0.2	10.2	10.4
Nuclear	10.4	9.6	−0.8	5.5	5.3
Hydro-power	4.3	4.8	+0.5	2.3	2.6
Other	1.7	1.7	—	0.9	0.9

Source: Energy Balances Study Group

Rate of decline in consumption starts to slow

Energy

JOHN DAVIES

WEST GERMANY has displayed a distinct lack of enthusiasm about the Russians' claim to be ready, ahead of time, to deliver natural gas through the controversial new Siberian pipeline system. Ruhrgas, the gas distributing company, has simply pointed to the contract which envisages first deliveries late next year.

For the Russians, there may be some advantage in demonstrating their success in pushing the project ahead despite strong U.S. opposition. At a time of frosty East-West relations, Moscow is also keen to emphasise to Europeans the practical advantages of co-operation.

For the West Germans, however, the world situation has seemed hardly ripe for dwelling on a project that has caused much friction between Europeans and Americans. Moreover, the gas deal is part of a strategy of ensuring long-term energy supplies into the next century, rather than meeting immediate needs.

In the short-term, West Germany's most serious energy problems are those of surplus and structural adjustment. Mountains of coal have been building up as the crisis-ridden steel industry has cut its demand, while oil refineries have been operating at little more than half their capacity.

Peak year

The country's energy consumption—including natural gas—has been falling steadily from the peak year of 1979 and projections for the next few years are modest.

In these circumstances, Ruhrgas has been at pains for some time to deny that it may have been contracting to buy too much natural gas. Dr Klaus Liesen, the chief executive, said recently that Ruhrgas had enough room for manoeuvre to enable it to start deliveries from new long-term projects.

He pointed out that deliveries under the controversial Soviet contract would not reach full strength until the end of this decade, continuing until the year 2008. He has expressed confidence that the contract will enable Ruhrgas to offer the Soviet gas to consumers at competitive prices, even if crude oil prices drop.

Ruhrgas is already taking gas from the Soviet Union under earlier contracts. Last year about 20 per cent of West Germany's natural gas supplies came from the Russians, 34 per cent from the Netherlands, 15 per cent from Norwegian sources and 31 per cent from domestic fields, mostly in a stretch between the Weser and Ems rivers in northern Germany.

The latest Soviet contract is expected to boost the Russians' share of supplies to about 35 per cent by the end of the decade.

With its eyes firmly on distant horizons, Ruhrgas recently signed a contract—along with Dutch, Belgian and French interests—to take supplies from the Valhall field in the Norwegian sector of the North Sea. These deliveries, beginning this year, are to run until 1999. It has also signed a deal with the Russians to supply natural gas to West Berlin from 1985 to the year 2008.

Natural gas has been struggling lately to retain markets. While total primary energy consumption fell in West Germany by 3 per cent last year, natural gas showed a heavier fall of 8 per cent to 54m tonnes of coal equivalent. Its share of primary energy consumption slipped from a peak of 16 per cent in the past few years to 15 per cent.

Priority

Since the first oil price crisis of 1973, coal has received higher priority in West Germany, culminating in a long-term deal which envisages increased sales to power stations. But the coal industry's fortunes have turned bleak as recession and energy saving have restrained electricity generation and as steel companies have slashed their coal purchases.

The oil industry, meanwhile, has been pushing ahead with measures to reduce losses in refining and distribution. The losses were put at more than DM 5bn in each of the past two years, but are expected to be lower this year. Oil companies have been cutting refinery capacity and the number of service stations.

Competitive pressures have continued to reduce imports of crude oil and to boost imports of oil products refined abroad. In the first eight months of htis year, West Germany's crude oil imports were 10 per cent down on a year ago, while oil products imports were up 12 per cent.

After a steady fall in energy use in West Germany since 1979, the rate of decline is slow this year.

With the economy showing only modest recovery from recession, politicians have seized the opportunity to put off nuclear power projects—at Whyl and Biblis—which have aroused strong opposition.

However, other nuclear projects are going ahead. The nuclear reprocessing company, DWK, has submitted proposals to state safety authorities for possible erection of nuclear fuel reprocessing plants at Dragahn in Lower Saxony and Wackersdorf in Bavaria.

WEST GERMANY VI

John Davies on the tasks of the new union leader

Testing time for IG Metall

HERR HANS MAYR has taken over as leader of IG Metall, West Germany's powerful metal workers' union, at a crucial time in its history.

The union, with its 2.5m members, is rushing headlong into conflict with employers and the Bonn Government over its demand for a 35-hour working week. It is also becoming increasingly strident in its call for action to save jobs in the troubled shipbuilding and steel industries.

Herr Mayr will need to muster all his technical skills, sharpened in 20 years on the unions' top council, to press forward these claims against strong odds to achieve something approaching satisfying results.

A man who has previously shunned the limelight, he has been thrust into the forefront of the union's struggle with the retirement at 63 of Herr Eugen Loderer. Only two years his junior, Herr Mayr worked for 11 years as Herr Loderer's deputy, concentrating in recent years on internal management of the vast union apparatus and acting to keep the various strands of opinion in reasonable harmony.

Like Herr Loderer, he is above all a pragmatist—a man who can appeal to the radical tradition of IG Metall with formidable rhetoric, but who knows the limits of the attainable in disputes. Reflecting the growing toughness of union activists, Herr Mayr has warned that IG Metall is well equipped for battle over a shorter working week, even if it leads to strikes or lock outs. With IG Metall consciously assuming the role of pacemaker on the issue, he has called on union members to brace themselves for possibly their hardest post-war struggle.

IG Metall argues that a cut in the working week from present 40 hours is vital to reduce unemployment, which has risen rapidly to well over 2m. The employers, on the other hand, claim that a 35-hour week would raise industry's costs by about 18 per cent, hindering economic recovery and making German exports less competitive.

The struggle comes at a time when economic difficulties are stiffening the resistance of many employers and when the unions have fewer friends in high political places. Now that the Social Democratic Party has lost power in Bonn, the unions are confronted with political figures who are somewhat more difficult to come to terms with. Chancellor Helmut Kohl and Herr Norbert Blüm, the Labour Minister (and an IG Metall member) have demonstrated an ability to win votes from industrial workers.

Radical trade unionists have been hard at work to discredit both men, but more pragmatic union leaders caution that they must avoid digging too deep a gulf between them and the Government, particularly the Christian Democratic Party majority in the coalition.

For this reason, they prefer to direct their sharpest barbs at easier targets and more clear cut opponents, such as Count Otto Lambsdorff, the Economics Minister, and a member of the Free Democratic Party, and Herr Franz Josef Strauss, the burly Bavarian Premier and head of the Right-wing Christian Social Union.

In view of the strong opposition to the 35-hour week claim, Herr Mayr is concerned to leave as much room for manoeuvre as possible, but there is no talk of compromise at this stage. With the union building up a vigorous campaign, he faces a Houdini-like task in extricating both his own members and the employers from the situation with their respect intact and without too many bruises.

Watching every move will be Herr Franz Steinkühler, the ambitious 46-year-old Stuttgart unionist who has been elected as deputy president.

Power

Herr Steinkühler has long been at odds with the union leadership, which resented his penchant to attract publicity and to back strong talk with strike action. But with a keen sense of power relationships, Herr Mayr and the union apparatus have come to terms with Herr Steinkühler and taken him aboard.

He is well placed now for the top job when Herr Mayr retires in three years and needs merely to consolidate his position quietly. Herr Steinkühler represents a younger, more impatient brand of trade unionist anxious to grapple with the social and employment consequences of technological change.

Herr Mayr, like Herr Loderer before him, is one of the older generation of unionists whose outlook has been moulded partly by grim experiences of the Nazi era and of the war. His father suffered political persecution and was jailed by the Nazis. Such memories have left him with an animosity to political extremism and intolerance. He also has a firm belief in the need for broadly-based trade union unity and for social consensus based on a healthy economy with full employment.

Hans Mayr, leader of the powerful metal workers' union: rushing headlong into conflict

Herr Mayr readily concedes that he himself works much more than a 35-hour week. What free time he finds betrays a cultural bent. He reads modern German literature, including the works of Günter Grass and Heinrich Böll, as well as the classics of Goethe. Music and theatre are also to his taste.

He has been portrayed as a transition leader between the tough-minded Herr Loderer and the calculating, forceful Herr Steinkühler. But this underestimates the task ahead of him and the technical and rallying abilities he has acquired through long trade union experience.

He will largely determine in what spirit West Germany's biggest union comes through the difficult trials of the next three years.

Moves towards joint ventures

Electricals

JOHN DAVIES

SIEMENS, West Germany's electrical and computer giant, is exploring a couple of new paths. In one recently announced project, it is planning to set up a research institute along with British and French computer manufacturers to study knowledge processing. In another move, it is joining in a venture capital company to foster small innovative enterprises.

The decisions highlight some of the problems in the West German electronics and electrical engineering industries. This vast sector, employing more than 900,000 workers and producing a wide range of goods worth nearly DM 100bn a year, is one of the bulwarks of the German economy. Yet it is clear that in certain key segments of this productive area the West Germans have fallen behind developments in the U.S. and Japan.

There may be controversy about how serious the gap is and how feasible it is to catch up. However, as the Siemens moves illustrate, there is a growing feeling that companies may benefit from more co-operation, at least in research, and that ways should be found to assist small, new enterprises to develop and market innovatory ideas.

The co-operation agreement involving Siemens, Britain's ICL and France's Compagnie des Machines Bull has won the effusive approval of Dr Heinz Riesenhuber, the Research and Technology Minister in Bonn. He said that the challenge from the U.S. and Japan made it necessary for Europeans to develop forms of working together in order to remain competitive internationally.

Single entity

In his view, the European market for electronics, data processing and information technology should be viewed as a single entity.

Scepticism abounds, however, about whether the U.S., with its military incentives for technological advance and Japan, with its purposefulness, can be matched by Europeans hampered by national rivalries and by a less than overwhelming sense of mission.

It is noteworthy, for instance, that the three co-operating computer companies stressed that their new research institute—to employ 50 scientists within two years—would be set up at a "neutral" site in southern Bavaria. In other words, there is a certain wariness, to ensure that the institute is not absorbed by Siemens.

As for venture capital, the idea has its champions—and its sceptics—in West Germany. In the new company, Techno Venture Management, Siemens will have a 25 per cent stake along with investors from the U.S., Britain and Switzerland. The initial capital is to total DM 130m.

This computer-operated milling and drilling machine from West Germany is one of the world's most sophisticated machine tools. During operation the computer (in the background) can insert 24 different tools as often as required from the tool magazine (top left) into two exchange spindles

ELECTRONICS AND ELECTRICAL ENGINEERING

	1982	Change (%)
Production (DM bn)		
Investment goods	59.5	+ 2.1
Consumer goods	18.5	+ 2.5
Semi-finished and unclassified goods	18.4	+ 3.4
Total	96.4	+ 2.4
Including		
TV sets	3.7	− 3.1
Video recorders	1.0	+130.0
Semiconductors	0.3	+ 51.7
Integrated circuits	0.5	+ 21.7
Computers	3.0	− 0.6
Exports (DMbn)	48.8	+ 11.1
Imports (DMbn)	31.5	+ 5.9
Workforce	941,800	− 3.8

Other venture capital operations believe that budding entrepreneurs in the electronics field will fight shy of the possibility of falling into Siemens' embrace. On the other hand, Siemens has technical and marketing know-how which might help get small outfits on their feet.

While capital aid may help establish some innovatory enterprises, the problem in West Germany seems to be more deeply-rooted. German scientists, for instance, demonstrate less inclination than U.S. counterparts to leave their companies or research bodies to risk money and careers in entrepreneurial attempts.

As long as this is the case, the problem of innovation in electronics, as in other fields, is largely the question of how to motivate research and encourage fast and flexible decision-making within large companies.

The misfortunes of such companies as AEG, Triumph Adler, Olympia and Kienzle point to the difficulties involved. On the other hand, Nixdorf is often cited as an example of a company that has remained flexible and abreast of developments in its chosen field as it has grown.

The need to foster co-operation and a broad outlook was stressed recently by Dr Rainald von Gizycki of the Battelle scientific institute in a study of the semiconductor industry. Semiconductors are one of the key areas in which West Germany — as Europe as a whole—is heavily dependent on imports. Even Germany's local production is to some extent an offshoot of Japan's, with Hitachi, for example, producing semiconductors at Landshut in Bavaria and Toshiba planning an operation in Brunswick.

Dr von Gizycki takes the view that electronics development in Europe involves co-operation at the so-called pre-competitive stage—that is, basically, in research and ideas, as well as standardisation. "Semiconductor producers and users must learn to co-operate more effectively with each other and with customers, suppliers, consultants, software houses, banks, universities and governments," he says.

"Co-operation must also be fostered within organisations, so that research, production and marketing are more closely bound together," he adds. He sees innovative ideas growing out of the interaction of various departments within companies and interaction with other outside organisations.

Within the electrical production sector, much of the onslaught of foreign competition has been directed at the consumer electronics segment. As a result, the EEC early this year negotiated a pact under which Japan is limiting video-recorder exports.

Benefits of deal

This agreement has benefited Grundig and Philips by helping to maintain prices. Companies involved in joint venture local assembly—such as Telefunken/Thorn-EMI/JVC in West Berlin and Matsushita/Bosche in Osterode—have been mounting, however, a vigorous campaign to prevent the Japan-EEC pact from hampering their growth potential.

Apart from foreign competition, the electronics and electrical engineering sector has also been suffering from the effects of recession for more than two years. The outlook, however, has shown modest improvement this year.

The value of the industry's production rose last year by 2.4 per cent to DM 96bn, but taking account of inflation, this amounted to a real decline in output. In the first half of this year, overall production showed a one per cent real decline from the same period last year.

Exports have continued to be weak. Domestic orders were up 6.4 per cent in the first half of this year, but export orders were 5.7 per cent down. In the investment goods sector—which makes up more than 60 per cent of the industry — domestic orders were 7.2 per cent ahead, while export orders were 6.4 per cent lower.

Nevertheless, capacity utilisation in general has improved to about 78 per cent in the first half of this year. Order books in the investment goods sector had work for 4.9 months, compared with 4.5 months at the end of 1982. Companies demonstrated slightly more optimism than in recent years about the prospects ahead.

Boost for prestige car makers

Motor industry

JOHN DAVIES

THE ELITE of West Germany's motor vehicle industry radiated confidence amid the shining naw models at the recent International Motor Show in Frankfurt. After all, sales of cars and trucks on the home market are rising, the U.S. is showing signs of vigorous recovery and all the projections are for increased sales in the next couple of years.

Dr Gerhard Prinz, chief executive of Daimler-Benz, remarked that the car was enjoying a renaissance, defying gloomy prophecies at the time of the oil crisis. Herr Eberhard von Kuenheim, head of BMW, who addressed the world's press at a nearby museum, exulted that the car had not yet gone the way of the dinosaur.

Dr Carl Hahn, endeavouring to stem heavy losses at Volkswagen, took a somewhat more *restrained* view, noting that higher sales in West Germany amounted to a return to the long-term trend rather than a boom. But he expressed confidence that the German motor industry was up-to-date and technologically efficient.

The motor vehicle industry provides jobs for one in seven of West German workers, including all indirectly related activities such as refining and distribution of petrol and workshop repairs. Last year vehicle manufacturing displaced heavy engineering as the country's main exporter, with total sales abroad reaching DM 72bn. But with export markets now weaker, it is doubtful if this performance can be repeated this year.

For the prestige car makers in particular this year has provided a further atroog boost. Both BMW and Daimler-Benz are pressing ahead with plans to set up naw car assembly plants to enable them to expand production. BMW, which expects to turn out a record total of over 400,000 cars this year, plans to begin additional production from a new plant at Regensburg from 1986.

Daimler-Benz—whosa domestic car sales were up 6 per cent and exports up 3 per cent in the first eight months of this year—is to begin car assembly in Bremen next year, in addition to its Stuttgart works.

In the industry as a whole, however, production has been running below last year's level, although the trend has been improving—more rapidly on the home market than abroad. In the first seven months of this year, 2.26m cars and station wagons were produced, 3.4 per cent fewer than in the same period last year. By summer, production had picked up to such an extent that it was running 2 per cent ahead of last year and about level with the peak years of 1978 and 1979.

West Germans cut back on car sales last year for the fourth year in a row, new registrations *falling* 7.5 per cent to 2.15m. In one of the most visible signs of economic upturn, spending on cars has revived, inspired by pent-up demand and introduction of new models. New car *registrations* were up 12.6 per cent in the first eight months of this year at 1.7m.

Cut back

The Japanese were among those who benefited, increasing their market share to 10.3 per cent, compared with 9.8 per cent for the whole of last year.

After the sharp decline in *exports* in the second half of last year, car sales abroad have begun to pick up, but by the end of August they were still running 4 per cent below 1982.

The truck market presents a *more sombre picture than cars*, with production to the end of July down 4 per cent at 145,580 and with larger falls of up to 25 per cent for vehicles in the heavier classes. Domestic sales *of trucks have risen*—up 15.4 per cent in the first eight months—but exports are suffering from cutbacks in developing countries and from recession in some European markets.

Daimler-Benz claims to have withstood the intensified competition in truck markets relatively well. But Volkswagen, whose truck output is in tha lighter classes, has borne the brunt of Japanese competition and production at its Hannover plant is well down on a year ago.

VW suffered a double blow to its prestige last year. Not only did it make a DM *300m loss*, but it was displaced by Daimler-Benz as the largest motor vehicle manufacturer in terms of sales revenue. Daimler-Benz, with sales of DM 38.9bn, became *the third* largest company in Germany, outstripped only by Veba, the energy concern, and Siemens, the electrical group.

In the first half of this year, VW made some progress towards recovery by achieving a turnaround to a slight profit in the U.S. Its strategy has appeared open to question, however, as its imported models have enjoyed relatively greater success than vehicles produced at its Westmoreland plant.

VW has been benefiting from a surge in popularity of its Audi models but it is now also placing high hopes on its new Golf model, which is being produced with a high degree of robot assembly at its Wolfsburg plant.

Ford has also embarked on a major investment programme to cost DM 4.4bn over five years. The expenditure will be 80 per cent higher than in the previous five years. Most of the investment will go into the company's sprawling works at Cologne, with DM 750m going to the fsctory at Genk in Belgium and DM 500m to tha Saarlolus plant.

Profits of Ford's German subsidiary over the past two years have more than offset the loss *in 1980*. The company is lookiog for an increase in its market share from last year's 11.2 per cent.

There has also been more optimism lately at Opel, the General Motors subsidiary, which is expecting to boost vehicle output to over 1m this year.

One major problem for manufacturers, however, is the Government's decision to require introduction of lead-free petrol and tighter anti-pollution controls from January 1, 1986. After strong arguments put forward by motor executives, the Government has backed away from a rigid insistence on the use of catalytic converters in cars. Government and industry representatives, however, face lengthy discussions on details and repercussions of the scheme.

The car industry has strong reservations about a unilateral German scheme and would prefer European-wide harmonisation. It is also concerned that motoring will become dearer for people with cars registered after the target date. Manufacturers fear there will be a rush to buy cars just before this date and a slump afterwards.

MOTOR VEHICLE INDUSTRY (millions)

	1978	1979	1980	1981	1982
Production within West Germany	4.18	4.25	3.88	3.89	4.06
Production of West German vehicles abroad	1.10	1.28	1.28	1.06	1.07
Exports from West Germany	2.07	2.17	2.08	2.15	2.34
New registrations within West Germany	2.82	2.79	2.60	2.47	2.28
Total number on West German roads	23.10	24.16	24.85	25.32	25.68

§ Figures include all types of vehicles, including cars, trucks and buses
Source: Automobile Industry Association (VDA)

PROFILE: HELMUT WERNER

Conti-Gummi chief stays flexible

Helmut Werner, head of Continental Gummi-Werke: proving a match for his rivals

AN UNENVIABLE task faces Herr Helmut Werner. He heads a company which has declared a dividend only once in the last 10 years and which is hounded by aggressive competitors.

Against strong odds, however, he *has been steering* the company—the tyre-maker Continental Gummi-Werke—along a profitable road and is proving a match for his world rivals.

With its Continental and Uniroyal brands, the group has the second largest market share in Europe after Michelin, the French tyremaker, and is the biggest supplier of tyres to West German motor vehicle manufacturers.

Herr Werner is under no illusions about the need for tight cost control and technological improvements in order to secure the group's position. "We are Number Two in Europe, but we really have to run very fast to keep that position," he says.

Now that Japan's Sumitomo Rubber Industries is to take over Dunlop's interests in much of Europe, including Germany, competition is *taking an even sharper edge.*

After studying business administration at Cologne University, Herr Werner has spent all his working life in tyre manufacturing. Initially, he envisaged only a short spell to get practical commercial experience before joining an auditing company, but decided to stay.

He rose at Uniroyal to become head of its European operations, for many years dividing his time between Belgium and the U.S. When *Uniroyal's activities* were taken over by Continental Gummi-Werke, Herr Werner was taken over along with it. He took charge of the entire group when Dr Carl Hahn vacated the *chief executive's* chair at the beginning of last year to run Volkswagen.

Following on from Dr Hahn's recovery strategy for Conti-Gummi, Herr Werner has been wrestling with major problems of structural change and introduction of technological advances. The company has been endeavouring to streamline its tyremaking activities, with more centralised control.

On the other hand, it has been adopting a more flexible management policy towards *its wida range of other rubber* products to match the agility of smaller competitors.

Conti-Gummi is also pursuing its strategy of co-operating with tyre companies abroad—in Japan, the U.S., India and South Africa. It is concerned to exchange technical know-how and to gain a foothold in foreign markets.

Herr Werner puts strong emphasis on future technological developments in the tyre industry. The tyre scene has changed dramatically in *the past* 16 years, *he says, but* there is still a lot of scope for advance. He sees the need for progress towards making tyres safer, towards reducing rolling resistance and towards *eliminating the need for a* spare wheel.

THE TOP 50

West Germany's biggest industrial enterprises

Rank 1982	Rank 1981	Company	Sector	Turnover 1982 DMm	Turnover % change over 1981	Employees end-1982	Employees % change over 1981
1	1	Veba	Energy/Oil/Chemicals	49,281	2.1	80,474	− 3.0
2	4	Siemens	Electricals	40,106	6.1	324,000	− 6.8
3	3	Daimler Benz	Vehicles	38,905	6.1	185,687	− 1.3
4	2	VW	Vehicles	37,434	− 1.2	239,116	− 3.2
5	5	Hoechst	Chemicals	34,986	1.6	182,154	− 1.4
6	7	Bayer	Chemicals	34,834	3.2	179,463	− 0.8
7	6	BASF	Chemicals	33,978	1.7	115,868	− 0.5
8	8	Thyssen	Steel, engineering	30,610	8.7	144,715	− 3.3
9	9	RWE	Energy	22,993	12.4	70,098	0.6
10	16	Deutsche BP	Mineral oil	19,154	− 5.4	9,364	− 7.2
11	12	GHH	*Engineering*	18,693	11.8	87,370	− 0.3
12	11	Ruhrkohle	Mining	17,595	− 3.2	134,479	− 1.5
13	13	Deutsche Shell	Mineral oil	17,590	0.5	8,167	− 5.6
14	17	Krupp	Steel/Engineering	16,720	12.7	78,201	− 4.9
15	15	Mannesmann	Engineering	16,469	6.7	112,594	5.6
16	14	Esso	Mineral oil	15,323	− 0.9	4,508	− 1.8
17	18	Bosch	Electricals	13,812	6.7	110,775	− 1.9
18	19	Ruhrgas	Energy	13,643	7.0	2,951	1.4
19	16	AEG	Electricals	13,267	−13.8	92,730	−25.0
20	23	Opel	Vehicles	12,735	26.0	59,688	− 1.6
21	20	Ford	Vehicles	11,724	11.2	49,100	− 0.6
22	25	BMW	Vehicles	11,620	21.7	47,466	6.3
23	21	Preussag	Energy/Oil	11,234	6.7	20,754	− 3.4
24	26	Mobil Oil	Mineral oil	10,400	9.5	2,491	6.5
25	22	Metallgesellschaft	Metals/Process plant	9,741	− 7.0	23,757	− 8.5
26	27	Salzgitter	Steel/Shipbuilding	9,391	2.5	55,673	− 2.3
27	33	IBM	Electricals	9,135	15.7	27,621	1.3
28	29	Flick	Holding	9,028	4.6	43,509	− 5.0
29	24	*Degussa*	*Precious mtls./Chemicals*	8,887	−11.2	21,382	1.6
30	30	Deutsche Unilever	Food/Chemicals	8,603	0.5	32,327	− 6.8
31	32	Henkel	Chemicals	8,153	2.8	33,583	− 1.4
32	28	Deotsche Texaco	Mineral oil	8,146	−10.6	4,641	− 8.3
33	34	Philip Holzmann	Construction	7,501	− 9.0	37,600	− 2.2
34	31	Hoesch	Steel	7,437	− 6.6	38,200	− 8.4
35	36	Klöckner Werke	Steel	6,676	16.0	36,232	1.9
36	38	Deutsche Babcock	Engineering	6,344	13.9	32,337	4.6
37	46	Deutsche Philips	Electricals	6,065	7.0	33,000	− 5.0
38	37	Bertelsmann	Publishing	6,036	8.0	29,527	− 1.4
39	40	VIAG	Holding	5,877	7.4	24,869	− 5.4
40	42	VEW	Energy	5,699	10.1	7,252	− 1.5
41	44	MBB	Aerospace	5,678	17.1	38,494	− 2.6
42	35	Searbergwerke	Coal/Energy	5,648	− 1.9	32,599	− 2.3
43	41	Enka	Chemicals	5,100	− 5.6	37,200	− 8.2
44	43	KHD	Engineering	4,957	1.7	28,428	− 1.6
46	45	BBC	Electricals	4,757	0.9	38,922	0.3
46	39	Hochtief	Construction	4,648	−16.1	31,525	− 6.1
47	50	Bilfinger + Berger	Construction	4,399	18.0	38,328	− 6.5
48	67	Bayernwerk	Energy	4,164	44.6	7,958	13.3
49	48	SEL	Electrical	4,153	8.7	31,650	− 4.1
50	49	Neoe Heimat	Construction	3,750	6.0	5,348	− 3.5

Source: Die Zeit.

Sales and profits start to rise

Chemicals

JOHN DAVIES

ALTHOUGH ITS problems abound, West Germany's chemical industry has been staging a recovery this year from the depths of recession. Sales and especially profits have been reviving for the "big three" chemical group, Hoechst, BASF and Bayer, as well as at smaller concerns.

In particular, the troubled plastics sector has begun to improve, as a result of increased demand and cutbacks in production capacity. But in this sector—as in others—producers have still been struggling to restrain costs and to achieve satisfactory price levels.

Professor Rolf Sammet, who has presided over the sprawling Hoechst chemical complex with dour caution for 14 years, remarked recently that the group's profits this year would certainly be more than last year and a higher dividend was possible.

Results in the second half of the year, he said, would depend on whether the company succeeded in getting better prices in the wake of rising raw material costs.

Similar views have come from other chemical companies. After a survey of its members during summer, the Chemical Industry Employers' Association in the state of Hessen reported that two-thirds expected to boost production this year and 84 per cent to increase sales revenue. Profits were up at 44 per cent of the companies and were about the same at a third.

The West German chemical industry as a whole expects the volume of output this year to rise about 3 per cent, making up some of the ground lost in last year's 5.4 per cent decline. The industry's production index, which rose to a peak of 111.9 in 1979, sagged last year to 102.5, only just above the base level of 100 in 1976. While capacity utilisation has improved this year, the recovery is from a low level. Utilisation averaged 75 per cent in 1981 and only 73 per cent last year.

Much of the impetus for recovery this year has come from within West Germany, while export markets overall have been showing less promise. Among the product divisions which have picked up are the long-standing desolate areas of synthetic fibres and plastics.

Synthetic fibre production has begun to benefit from an evident revival in the remnants of the West European textile industry. Plastic materials have been in demand from the motor vehicle industry and the building industry, although the packaging market has been less forthcoming. In both man-made fibres and plastics, prices have generally been below those of a year ago, with the result that revenue has increased less than volume sales.

Plastics production, which fell 5 per cent last year to 6.27m tonnes, showed a 6 per cent recovery in the first half of this year, in comparison with the same period a year ago. With better capacity utilisation, producers have been cutting their losses.

Challenge

The situation has worsened, however, in the fertiliser market, where imports, notably from the Netherlands, have won about 60 per cent of the Westh German market. The Germans allege that some of the imports are produced with the aid of subsidised energy and therefore amount to unfair competition.

The chemical industry faces a constant challenge to prevent critics giving it a brontosaurus image. The big companies dismiss the charge of slowness to change by pointing to their rationalisation measures and the flow of new products, including pharmaceuticals, brought to the market.

Another positive sign is the industry's export strength. Exports accounted for 47.2 per cent of the industry's sales revenue of DM 117.9bn last year.

In addition, the chemical industry has been in the forefront of West German investment abroad. It invested a further DM 755m in foreign operations last year, making a total of more than DM 15bn in the past 30 years.

With the difficulties of recent years still fresh, the major West German companies are pressing ahead with efforts to rationalise and diversify their activities. BASF, for instance, is struggling to reduce losses at its oil refining operations.

Bayer, meanwhile, has pointed its Agfa-Gevaert subsidiary firmly in the direction of information technology, after incurring a major headache from its photographic business.

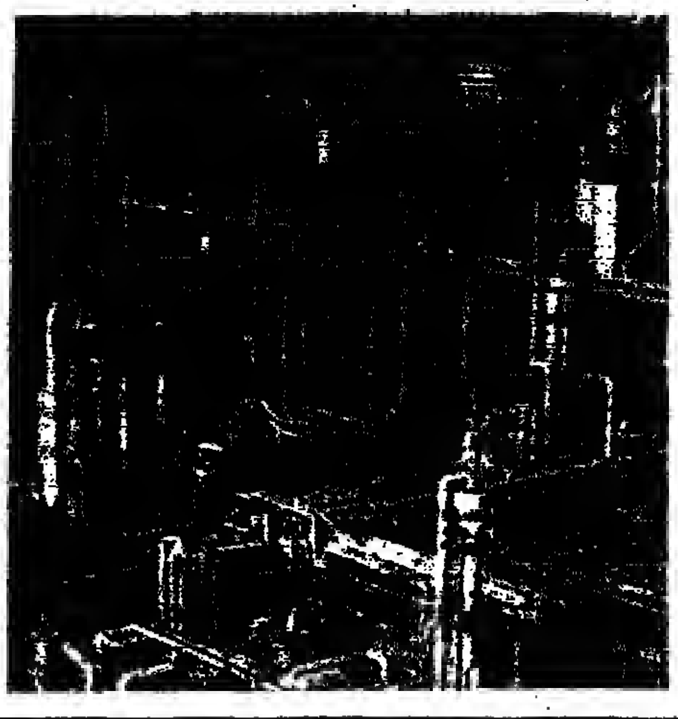
One of the strengths of the chemical industry has been its pharmaceutical interests, making up some 14 per cent of sales revenue—about the same percentage as plastics, but less than the 20 per cent contribution of organic chemicals.

In line with a growing emphasis on this activity, Hoechst is allotting a record 25 per cent share of its DM 1.9bn investment this year to its pharmaceutical operations worldwide.

West Germany's pharmaceutical production for human use showed only a modest 3.2 per cent rise last year to DM 13.5bn, but output has picked up this year. In the first half of the year, production was running 8 per cent ahead of the same period last year.

With an eye to future breakthroughs, all three major chemical companies—as well as other smaller concerns such as Shering in West Berlin—are fostering biotechnology research.

RIGHT ➤ Bayer's petrochemical plant at Ludwigshafen: the chemical industry generally faces a constant challenge to prevent critics giving it a brontosaurus image



BASIC STATISTICS

	Jan.-June 1983	% change on year earlier
Sales revenue from domestic output	DM 62.5bn	+2.7
Exports	DM 29.7bn	+3.9
Imports	DM 16.9bn	+2.3
Manufacturers' prices (1980=100)	113.5	−0.1
Workforce	540,000	−2.0

Source: Chemical Industry Association

HOW THE BIG THREE PERFORMED
(and percentage change on first half of 1982)

	Hoechst	BASF	Bayer
Group worldwide sales revenue (DMbn)	18.1	18.1	18.5
% change	+ 1.2	+ 4.2	+ 1.5
Parent company sales revenue (DMbn)	6.4	8.0	7.5
% change	+ 8.4	+ 4.5	+ 3.3
Group worldwide pre-tax profit (DMm)	804	609	860
% change	+64.1	+11.7	+79.1
Parent compay pre-tax profit (DMm)	454	358	507
% change	+24.4	+40.4	+20.1

PROFILE: DR HANS ALBERS

A hard act at BASF

DR HANS ALBERS is one of many diligent Germans who rise early—and enjoy it. For years he has made a practice of striding into his office at BASF in Ludwigshafen at about 7.28 in the morning. An enthusiastic worker, he has seldom been home again before 7 at night, making a 12-hour day at work and on the road.

The vigour with which Dr Albers has thrown himself into wide-ranging affairs of the chemical group has served him in good stead. Since July 1 he has taken over the chief executive's chair, at a time when sales and profits are recovering but when complex problems remain to be tackled.

Dr Albers succeeded Professor Matthias Seefelder, who has moved on to the more elevated but remote position of head of the supervisory board. After dominating the affairs of BASF for nine years as chief executive, Professor Seefelder is a hard act to follow.

An advantage of a sort, however, has fallen to Dr Albers. His predecessor's last year in office saw the group's worldwide pre-tax profit slump to just over DM 1bn, the lowest level since 1975, and the dividend was cut from DM 7 to DM 5 per DM 50 share. With BASF bouncing back, along with other chemical companies, Dr Albers is likely to have more comforting news for shareholders.

But with long experience of work at BASF, including seven years on the managing board, Dr Albers has close knowledge of the strengths and weaknesses of the group. He has already indicated that he is putting his own vigorous stamp on the company as he presses ahead with management policy.

Under his leadership, company strategy is to secure and broaden its supplies of raw materials, to give more emphasis to highly processed articles, and to widen international marketing activities, preferably with a more innovative flair.

He has also pounced quickly on shareholders with a one-for-18 rights issue to raise more than DM 300m in cash. The move is a step towards strengthening the capital base of the company but could also provide room for manoeuvre if Dr Albers spots a possible acquisition that would fit in with his strategy.

Dr Albers, born in 1925 at Lingen in northern Germany, studied chemistry at Münster university. He joined BASF in 1953 when the country and the chemical industry were getting back on their feet after the bleak post-war years. Initially he worked in the main laboratory, but switched to production two years later and became head of a production department in 1962.

He became a deputy member of the management board in 1974 and a full member in 1976. His more recent tasks on the board were to control pharmaceuticals and nutrition and to keep an eye on all North American operations.

Dr Hans Albers: strategy for raw materials

A man who combines a ready humour with a drive for work, he has also found time to pursue an interest in opera and theatre. He does not live for work only, he remarked recently, but BASF had been fair to him and he intended to be fair to it.

Struggling to halt the slide

Mechanical engineering

JONATHAN CARR

THIS AUTUMN'S congress of the West German mechanical engineering industry might have had as much buoyancy as a funeral ceremony. The sector is often called "the power house of the German economy" and is industry's biggest employer. Yet the results for the first half year are dismal and the immediate future looks little better.

Engineering turnover from January to end-June fell by nearly 2 per cent in real terms (after allowing for price increases) against the same period of last year to DM 62.9 bn. The number of engineering employees dropped by more than 4 per cent to just over 1m. That means that since the start of the recession in 1980 the sector has shed about 90,000 workers (a figure worth comparing with the 50,000 employed in all in the shipbuilding industry). First half exports were down by 5 per cent in real terms to DM 35.8bn, with markets weak almost everywhere and virtually collapsing in Latin America (admittedly only a relatively small customer for the Germans).

The order figures indicate only the merest shimmer of light at the end of the tunnel. Incoming orders in the first half fell by 6 per cent, rising by just 1 per cent at home where a very modest economic upswing is underway, but plunging by 12 per cent abroad.

Despite all that a mood of confidence pervaded the congress, evidently based on the belief that the industry is capable of new sales success even against the "Japanese challenge." The condition (a big one) is that the upturn at home does not peter out and that world demand recovers, led in the first place by the U.S.

As Herr Tyll Necker, outgoing president of the industry's association the VDMA, pointed out Germany's engineers have been doing relatively better than their foreign rivals during the slump. Engineering production in Germany this year, depressed though it has been in absolute terms, still held up better than in other major industrial countries. Last year Germany's exports of machinery rose slightly in real terms while those of major competitors fell. The Germans took one-fifth of the world market in engineering products—well behind the U.S. leader with 26 per cent, but clearly ahead of Japan with just under 13 per cent.

Nonetheless, Germany's market share has dropped a bit over the last decade while that of Japan, in particular, has sharply increased. Why do the German engineers feel they can halt the slide?

For one thing they have recently done a lot to close the technological gap, spurred by the initial successes of the Japanese. Even in the recession, German companies have been spending on average about 3 per cent of their annual turnover (about DM 4bn) on research and technology.

Much of that sum has gone to a crucial field—the application of electronics to mechanical engineering products and production methods. They are still behind the Japanese in some sectors (not least because the Japanese engineers have had an unusually strong domestic electronics industry with which to co-operate) but they are making up for this lost time. For example, whereas at the end of the 1970s less than 20 per cent of German engineering concerns made products with microelectronic components, about one half now do so and the share is growing.

This research spending has been a particular burden above all because the German engineering industry is made up very largely of small and medium-sized companies. Around 90 per cent of the enterprises, accounting for 40 per cent of sales, have fewer than 500 workers each. That makes for great flexibility, but also means the companies lack financial muscle and suffer particularly during a long period of high interest rates.

Broad welcome

There has thus been a broad welcome among the engineering concerns for the new centre-right government's move towards more indirect aid for research, and away from the direct help which often seemed to benefit the really big groups disproportionately.

Further, while the Japanese have made big inroads by concentrating on a few carefully chosen sectors, the Germans still have a much wider product palette. They have more than 30 per cent of the world export market in rolling mill equipment, as well as in plastics, printing and packaging machinery.

TOP COMPANIES
(1981-82)

Company	Turnover DM bn	Employees
Thyssen Group	38.1*	145,000
GHH	20.2	87,000
GHH (of which M.A.N.)	8.4	49,000
Fried. Krupp	16.7*	78,000
Mannesmann	16.5	113,000
Deutsche Babc'k	6.2	32,000

They have more than one-fifth of the market in products ranging from machine tools and weighing machines to textile machinery and laundry equipment.

Moreover nearly 70 per cent of Germany's engineering markets are in industrialised countries, less than one-quarter in the developing world (of which about 10 per cent are oil producing countries).

On the one hand that means still greater efforts in future to find new customers in the Third World—above all in the Pacific basin where the Japanese and Americans have a clear lead. But it also implies that with its very broad product range, the German engineering industry is unusually well placed to take advantage of a general economic upswing in the West, starting in the U.S. and spreading to Europe.

Hence the mood of confidence, despite the recognition there are still difficult months ahead.

WEST GERMANY IX

ROSAT, the orbiting observatory, is the flagship.

X-rays in the skies

Aerospace

DAVID FISHLOCK
Science Editor

THE FLAGSHIP of German aerospace development is an orbiting observatory called ROSAT, scheduled to be launched on Space Shuttle flight No 60 in July 1987. ROSAT is an ambitious scheme for surveying the skies at X-ray and ultraviolet frequencies, using a pair of imaging low-frequency telescopes. It will be the first time such telescopes have taken a deep look at the whole sky at these highly revealing frequencies—"the hot and very hot universe," as one German scientist puts it.

"We are not sure what number of stars we shall see but we are quite sure that we shall see about 100,000 extra galactic objects," says Dr Joachim Trümper, managing director of Max-Planck Institute for Extra Terrestrial Physics at Garching. ROSAT will take six months to survey the whole sky. Then the scientists hope for a further 12-24 months of "pointed observations" of objects of particular interest. Dr Trümper believes it will expand the horizons of the universe to perhaps twice their present distance and provide astronomers with a better picture of the curvature of space.

The spacecraft itself is a joint venture for the two main German aerospace companies on the airframe side, Messerschmidt-Bölkow-Blohm (MBB) and Dornier. German industry will also provide the main instrument but Britain is contributing an ultraviolet telescope as part of its recently agreed participation in ROSAT, signed last week. Britain is to provide a wide field camera, a new design of telescope optimised for the region lying between the extreme ultraviolet and soft X-rays.

MBB remains Germany's main aerospace company, about half the size of British Aerospace, with an income exceeding DM 5bn last year. It reckons that three-quarters of its work is for joint ventures such as the European Airbus, the Anglo-German-Italian Tornado and the German-French Euromissile projects. The development team at the Ottobrun Development Centre near Munich embraces more than a fifth of MBB's payroll of about 38,000.

A key project at Ottobrun is the Tactical Combat Aircraft, seen as the next major European military aircraft requirement for the 1990s. MBB and British Aerospace are collaborating to produce one of three potential designs declared so far. Its rivals are a French concept from Dassault and a Dornier-Northrop joint venture.

Current MBB ideas envisage an aircraft that might be more than one-third built of carbon fibre reinforced plastics, saving more than a tonne in weight compared with today's fighters. To reduce its visibility to radar the delta-wing design will be aerodynamically unstable, perhaps by as much as 8 per cent, MBB says. It claims to have flown its controlled configuration vehicle in conditions of greater instability than any other aircraft to demonstrate the integrity of its fly-by-wire avionics. The team is planning to fly a demonstrator incorporating these ideas by about 1987.

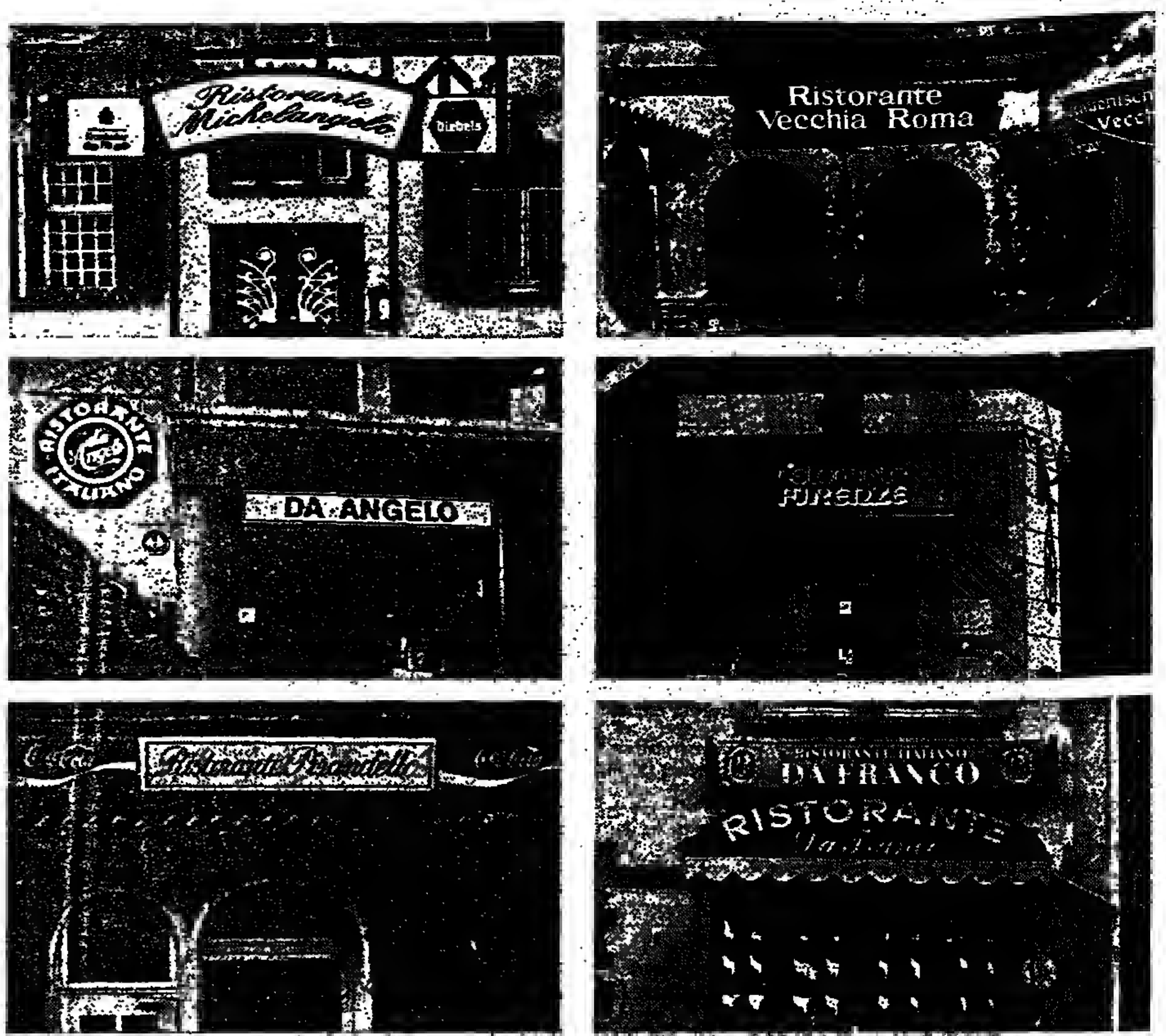
Dornier remains outside the consortium of former German aircraft companies which now forms the MBB group. Its payroll is no greater than that of the Ottobrun Development Centre yet it remains an innovative competitor of its big rival and not only in having an alternative design for the Tactical Combat Aircraft.

Flying boat

Earlier this year Dornier demonstrated a new flying boat which it believes could compete with the helicopter for a burgeoning world market for coastal aviation services. In fact its demonstration at Kiel involved a major refurbishing of an old and well-proven Dornier three-engine flying-boat design from World War II, claimed by the company to be the only seaplane which could land and take off in a sea state five. The ingenious feature was the use of "winglets" instead of floats, giving stability in rough seas for a much smaller penalty in stress. Now its engineers have given the old hull a new, supercritical wing, designed under a research contract from the Ministry of Research and Technology in Bonn, which has contributed two-thirds of the cost. Dornier claims the new wing offers 30 per cent better economy.

Dornier, resolutely determined to remain independent, says the secret is to know how to limit the technical risk in any new project. It aims to innovate only where it recognises that innovation is necessary to keep the project ahead of the competition. In 1962 it created Dornier System, a division of the company which was to serve both as its corporate research centre and as a high-power contract R and D activity seeking contracts in systems engineering.

The founder of Dornier System, Dr Bernhardt Schmidt, says he spotted a gap in the marketplace between government's readiness to fund R and D and industry's preparedness to absorb such funding. Today Dornier gets about DM 250m a year in Federal Ministry contracts, the fourth biggest recipient of this source of funding in German industry. With government help, Dornier System has taken research observations on shockwaves generated when micrometeoroids hit satellites all the way into production of a novel piece of medical technology which uses shockwaves to shatter kidney stones in a patient without the need to operate or even to give more than local anaesthesia.



PROFILE: DR HEINZ RIESENHUBER

Scientist moves into a jungle

THE YOUNGEST member of Chancellor Helmut Kohl's Cabinet is Dr Heinz Riesenhuber who, at the age of 47, has spent the past year hacking his way through a jungle.

That may seem an odd activity for a bespectacled scientist who likes wearing neat bow ties. But when he took over as Minister for Research and Technology last October, Dr Riesenhuber not only faced a lot of red tape and bureaucracy. He also found an almost impenetrable tangle of nearly 6,000 projects in the scientific and industrial field to which his ministry was giving support.

Since then the new minister has been chopping back, setting new priorities, switching the emphasis from direct cash handouts to indirect aid (ie improving the conditions under which businesses do research, through tax and other benefits).

"My job is to free initiative and encourage ideas," he says. "The research policy of the previous (centre-left) government relied on the creativity of the state. That was a basic error. The state is not creative, and cannot be so."

Dr Riesenhuber speaks with all the feeling of a trained scientist who came into national politics via private industry—and knows what it's like.

Born in Frankfurt in December, 1935, he majored in chemistry, did post-graduate studies in the inorganic chemical field, then went into business finally becoming manager of Synthomer Chemie (an offshoot of the diversified metals concern Metallgesellschaft) in 1971. On the way he picked up several patents for discoveries in the chemicals field.

He was not only inventive. He also had a talent for public speaking (his critics say "an excessive delight in the sound of his own voice") which helped him to the top of his local Christian Democrat (CDU) party organisation in Frankfurt. He made the jump to Bonn in 1976, entering the Bundestag and becoming CDU opposition spokesman on energy policy. He was the clear choice for the research ministry when the centre-right coalition came to power last October.

Wrong balance

Dr Riesenhuber complains that for years there has been too little emphasis by industry on "creative research," and too much on "defensive research"—for example to meet new state regulations on environmental protection. The balance has gone wrong.

He feels that the "defensive" approach was fostered by the system of direct state aid, in which government had the final say on which industrial research projects should be eligible for support. Civil servants tended to play for safety; companies often tended to plan at least part of their research effort, not in response to market needs, but towards projects most likely to draw cash from Bonn.

That complaint must be kept in perspective. This year the Federal Government is making available about DM 12bn for research (of which some 60 per cent comes from Dr Riesenhuber's ministry, another 15 per cent from defence). That compares with DM 3.4bn spent on research and development last year by the Siemens electricals concern alone. In other words, state funds and influence are far from negligible—but nor do they dictate the trend of the private sector's research efforts.

That said, Dr Riesenhuber quickly moved to make good his promise of change. Within months of entering office he had detached DM 300m from the DM 2bn originally pencilled-in for direct project aid in the 1983 budget, and added it to the indirect side. The trend will continue next year.

Dozens of smaller projects are having their cash support reduced and the available funds are being concentrated on fewer sectors — especially on those of immediate importance to German companies struggling to keep up, or catch up, technologically with Japanese and American competitors.

That does not mean the new minister is abandoning interest in basic research of no early commercial use but he does feel there is too little direct feedback to industry from universities and other major institutions carrying out research. Only about 50 scientists a year, for example, leave the Federal Republic's dozen big publicly-funded research institutes (total personnel 16,000) to go into the private sector.

Dr Heinz Riesenhuber, Minister of Research and Technology: coping with an impenetrable tangle of red tape

Dr Riesenhuber would like to see a cluster of high-technology businesses growing up around, and founded by enterprising former employees of, the big institutes.

The minister's vision is of a German version of California's "silicon valley," but he knows it will remain only a vision so long as more risk-capital is not made available for those with good new ideas but little cash. Hence Dr Riesenhuber's latest scheme —to provide special help for those trying to start out on their own high-technology businesses.

About DM 100m in public funds is being set aside over the next four years to help new entrepreneurs with initial market research, prototype development costs and, if needed, with bank guarantees.

The hope is that if this pilot scheme proves successful, banks, insurance companies and others with far bigger funds will be encouraged to move into the field too.

Jonathan Carr

More protection barriers sought

Steel

JAMES BUCHAN

EVERYBODY AGREES that West German steel is in a terrible state but people are less sure what is to be done about it.

First the symptoms. Production in the European Community's largest steelmaker has slid steadily under the pressure of worldwide recession and diminishing steel use in industry from its peak of 53.2m tonnes in 1974 to 36m tonnes in 1982. Dr Dieter Spethmann, chief executive of market-leader Thyssen and head of the German producers' federation, thinks a recovery in world steel consumption is "still far away." The only market that is really improving, that of the U.S., last year forced sharp reductions in European imports on the grounds they were unfairly subsidised — and the mostly unsubsidised Germans were obliged sullenly to play along.

The long years of crisis have eaten up the companies' financial substance. Early this year, the small Korf Stahl producing group filed for bankruptcy. The Fried-Krupp steel-making arm, Krupp Stahl, has waved goodbye to about DM 1bn since 1974 which is almost as much as the Shah's Iran put into parent and subsidiary in 1977/8. The maverick Kloeckner is refusing to pay fines of DM 160m (so far) from the European Commission for overstepping the Community quota system on the grounds this would kill the company off. And Arbed Saarstahl, the rump of the old Saarland steel industry, which has received DM 2.8bn in government aid of one sort or other says it needs another DM 86m to keep the furnaces alight till Christmas.

Then the cure. Everybody agrees that capacity must be cut further but how much and where are the questions. Dr Spethmann has felt it necessary to attack people who feel West Germany "can play a Switzerland" and do without an industry. On the other side, however, demoralised workforces, managers and local politicians are struggling to ensure that what cuts are made are made elsewhere.

Further, no federal government can permit market forces to destroy the second-largest employer in the embattled state of the Saarland or turn the tap off for the state-owned Salzgitter concern, a relic of National Socialist autarchy which has never functioned properly but lies in a structurally weak region near the East German border.

The Bonn Government and, especially, Count Otto Lambsdorff, the Liberal Economics Minister, have championed mergers as the solution and enthusiastically supported a plan produced in January by three independent experts (or "moderators"). This proposed combining the five chief companies into two blocks, with official aid of some DM 3bn foreseen.

The more convincing of the two, a merger of Krupp Stahl and Thyssen on the lower Rhine, is still notionally in the air. Krupp is offering its profitable special steels operation as the bait for Thyssen to take over its mass steel interests which are a mighty burden on the parent company. The companies, however, are now demanding an additional DM 1.5bn from Bonn to cover past debts — chiefly Krupp's, it seems — a demand which makes the normally equable Finance Minister, Herr Gerhard Stoltenberg, go red with rage.

The prospects for the merger are not particularly good. The unions and the local state government are anxious about jobs cut while the competition, which fears that Thyssen will only increase in strength, has been muttering darkly about a "single company" creating a monopoly in Germany.

The other proposed block, combining Hoesch, Kloeckner and Salzgitter, was rapidly talked to death. The chief problem was that Hoesch was not willing to consider joining Kloeckner, a financially weak but technically competitive company, to the detriment of its base at Dortmund as a steel-making capital. Meanwhile, all the companies—and this includes Krupp and Thyssen—have come to believe that Bonn's DM 3bn will come their way even on their own.

Both Hoesch and Kloeckner, in their different ways, have shown considerable resilience in recent months. Dr Herbert Gienow of Kloeckner has performed financial acrobatics (including an issue of convertible loan stock backed by Australia's CRA) which are the wonder of the industry. Dr Detlev Rohwedder of Hoesch, an articulate Social Democrat and former ministry official, has discovered a passionate loyalty to Dortmund and has brought the company out of the fiasco of its 1970s merger with Hoogovens of the Netherlands into something approaching self-confidence.

THE BIG FIVE

	1982 sale DM bn	Wrkfrce 000's
Thyssen	30.6	144.7
Fried. Krupp	14.7	78.2
Salzgitter	9.3	55.7
Hoesch	7.4	38.2
Kloeckner-Werke	6.6	36.2

Restructuring

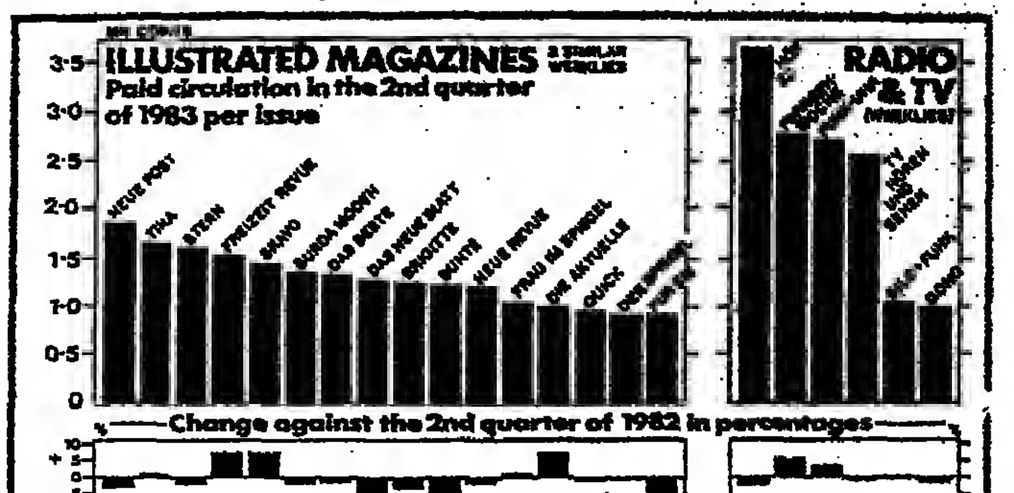
Men such as Rohwedder and Spethmann insist that only a small part of the solution (in fact 20 per cent) lies in restructuring and the main path lies through Brussels. This means bullying Bonn into bullying the Commission into maintaining the production quota system fairly (which definitely implies punishing Kloeckner) and cutting down the subsidy free-for-all in the Community—above all Italy, Belgium, France and the UK, according to the Germans.

Dr Spethmann is quite open and says that with subsidised imports (and a growing share from outside the community) now taking over 40 per cent of the German market, Bonn will have to consider some measures of protection.

Fierce battle for popular magazine readership

Press media

ELGIN SCHROEDER



THE SHOCK waves from the "Hitler diaries" scandal this spring continue to reverberate through the West German Press.

The exposure of the much-fanfared diaries as frauds not only tarnished the reputation of the news magazine Stern which published them—raising serious questions about everything from its brand of chequebook journalism to the authenticity of its photographs. It also showed up dramatically the lengths to which German weeklies are ready to go in their fight for readers and advertisers.

For two decades, Stern's mixture of nudity, political muckraking and gossip, produced solid profits and a circulation of almost 2m, West Germany's highest. But even before the diaries affair, there were signs that Stern's circulation was slipping.

Competition in the Federal Republic's many-faceted magazine market is fierce. The reason is that advertisers prefer the publications with the highest sales. The periodicals, in turn, depend on advertising for roughly 80 per cent of their income. Without ads Stern, for instance, would have to cost three and a half times as much as it actually does to only break even.

Perhaps egged on by the more impressive recent exploits of its powerful newsweekly arch-rival *Der Spiegel* (with a paid circulation of 910,000 and a readership of close to 5m), *Stern* threw caution to the winds and became careless in its search for a scoop. It really believed the diaries were genuine, but did not check enough before publishing. Besides, the Hitler diaries fitted into the *Stern* formula of presenting always "something different, interesting and aggressive"—a formula that was devised by Henri Hannen, its editor-founder.

Meanwhile, *Stern's* proprietor Gruner and Jahr, the West German publishing company which is majority-owned by Bertelsmann, Europe's biggest media concern, says that the diaries fiasco has had little effect on the magazine's circulation. The crisis that led to the ousting of two top editors and which deeply depressed many of the periodical's journalists, seems to have touched readers only fleetingly. After a short fall in in sales in June Stern sold roughly 1.6m copies a week—as it had before the diaries affair.

While *Spiegel*—which modelled itself on Time magazine—is the country's only real newsmagazine. *Stern* is the only one among West Germany's four major pictorial magazines with serious, if erratic, journalistic ambitions. Its Leftist stance, however, is now likely to become more moderate, thanks to the influence of a new, more conservative editor.

The other pictorials, *Bunte* (with a weekly circulation of 1.2m), *Neue Revue* (with sales of more than 1.2m) and *Quick* (with a circulation of 977,000) largely cover traditional illustrated topics ranging from reports on the high and mighty, the noble born and fast living, to stories on sex, crime, fashion and travel — garnished, of course, with a variety of tempting photos. Of the three, *Quick* is the most politicised, campaigning for conservative causes from time to time.

Women's lib

In contrast to these periodicals, the usual German magazines for women though strongly resembling the illustrated in appearance, almost never offer political, economic or cultural information. *Freundin*, *Fuer sie*, *Frau*, *Petra* and *Madame*, which command a big market, are filled with the latest on fashion, cosmetics, cooking, housing and health care. *Brigitte*, the one exception to the rule in this genre, also covers social issues including women's lib and has a sale of close to 1.3m.

The radio and TV weeklies, which tend to carry a lot of feature articles, represent another thriving sector of the German magazine business. The market leader is Axel Springer's Hoer Zu with a circulation of almost 4m. Weekly sales of German radio and TV programme magazines now total just under 14m. On top of this, four newspapers distribute programme supplements free of charge.

While the sales growth of the more expensive magazines has been at best stagnating for some time, a number of cheap new weeklies—catering to women and to the radio and TV public's hankering for gossipy news—have been making astonishing headway in the last two years. This applies not only to Tina and Belo, but also to Freizeit Revue and to Die Aktuelle.

It is clearly the lower end of the market which offers publishers the best chance of success in this time of recession, when people count their pennies. Last month, Axel Springer, not only Germany's but Europe's biggest publisher, and Bauer, a family-owned business which is third in place among the four big publishing companies that dominate the domestic magazine business, both launched their version of the novelty cheapie at discount prices. It is only a question of time before the other two giants, Gruner and Jahr (second ranking with a turnover of more than DM 1.7m last year) and Burda, also wholly family-owned, will follow suit.

Hard times bring plea for new aid

Shipyards

ANDREW FISHER

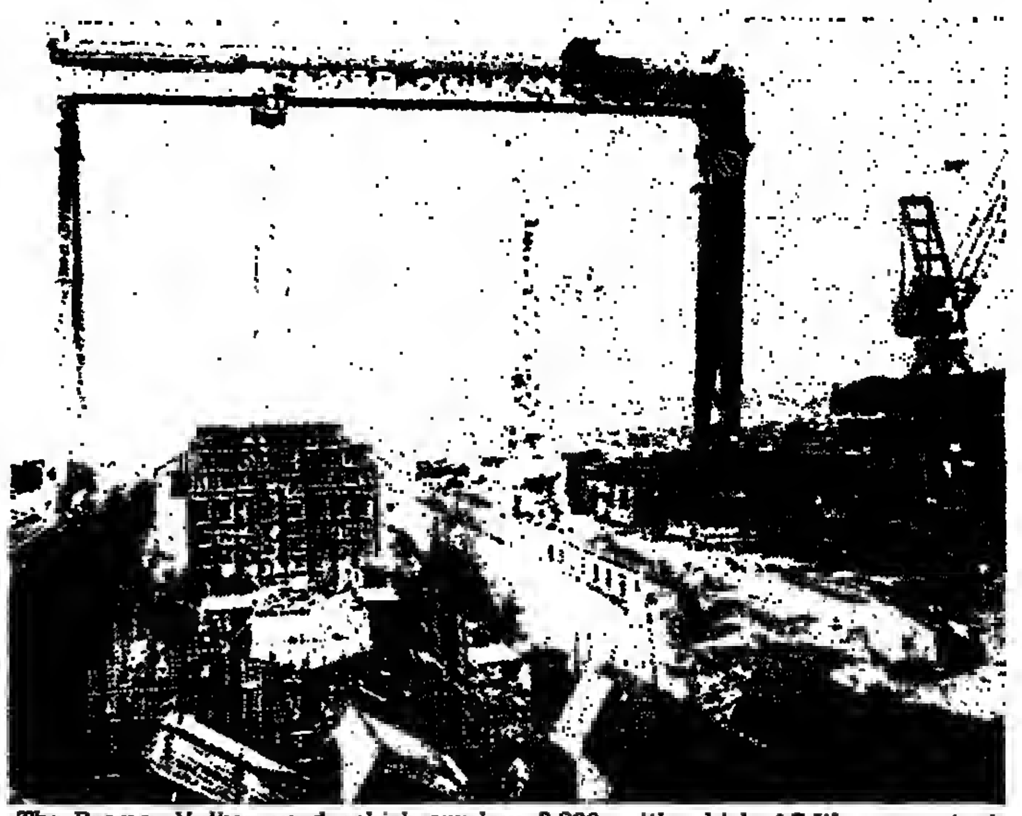
SHIPBUILDING companies around the world have fallen on hard times, not least in West Germany where capacity has been cut by around a third since the late 1970s.

Even with this sharp reduction—employment has fallen from well over 80,000 a decade or so ago to under 55,000 now—German yards are still struggling. New business has been scarce and shipowners have been holding back on new orders during the lengthy shipping recession.

The results have been very heavy financial losses, threats of substantial new job cuts, urgent pleas for greater subsidies and sit-ins at yards by workers fearful of losing employment.

Like other northern European shipbuilding industries, the yards in Germany have complained bitterly about the much lower prices in Far Eastern yards. These days, the world price leader is South Korea, where wages are well down on those in Germany and other European countries.

Korea is now the world's number two shipbuilder. It has curbed its expansion plans recently in view of the crisis in the industry, but has still won more business this year. Japan, the leading shipbuilding country with nearly 40 per cent of the world order book in mid-1983, also feels threatened by the Koreans.



The Bremer Vulkan yard, which employs 3,800, with which AG-Weser, part of the Fried. Krupp group, is to merge. The Weser management has decided to close its Bremen yard altogether. The merger plan includes Hapag-Lloyd's repair yard in Bremerhaven which employs 1,300. The Hapag-Lloyd yard recently won the QE2 refit when UK yards were unable to fit in the work

Asian prices lower

It is generally reckoned in the industry that Far Eastern prices for new ships are at least 30 per cent lower than in Europe. The situation is made worse by the fact that prices have fallen worldwide in recent years; since the end of 1980, they have slid by between 20 and 30 per cent.

There are tentative signs that prices are picking up, aided by a massive order placed by Japan's Sanko Steamship for as many as 111 bulk carriers. By filling up much spare capacity in Japanese yards, this order could help prices recover gradually.

The bleak truth, however, is that world shipbuilding capacity is estimated to be some 40 per cent more than required. So while the crisis among shipowners partly suffering from having bought too many bulk carriers a few years ago, appears to be slowly easing, it will be a long time before the shipbuilding industry benefits.

In the late 1950s, West Germany used to build 17 per cent of the world's new ships. By the middle of the 1970s, however, this had come down to just over 7 per cent. In 1982, Germany accounted for a mere 4 per cent of total merchant ship production.

The present year has proved a disaster for the industry in Germany. New orders slumped sharply during the first six months. The two yards in worst trouble are AG Weser in Bremen and Howaldtswerke-Deutsche Werft (HDW) in Hamburg.

Workers at both yards have staged marches and sit-ins to emphasise their plight. At the Bremen yard, nearly 140 years old, the workforce has already been slashed from 6,000 a few years ago to 2,000 today. The Weser management has now decided to close it altogether, in advance of the rationalisation plan involving other yards.

The plan is that Weser, part of the Fried. Krupp group, should merge with the Bremer Vulkan yard (employing 3,800) and the Hapag-Lloyd repair yard (1,300) in Bremerhaven, which recently won the QE2 passenger ship refit when UK yards were unable to fit the work in. Under the proposed merger, Weser's subsidiary in Bremerhaven, Seebeckwerft, will remain open.

The rationalisation plan, which was a major issue in the recent Bremen elections, has an estimated cost of DM 230m (£57m), of which the companies asked the local and federal governments to put up half.

SHIP OUTPUT
(m gross tons)

Year		% of world total
1975	2.50	8
1976	1.87	6
1981	0.70	4
1982	0.59	4

Order book

end June '83	change on 1st qtr
0.61	(−0.21)

Source: Lloyd's Register of Shipping

The federal government in Bonn has been reluctant to prop up the ailing shipbuilding industry with large sums of money. The West German industry has asked for higher subsidies on domestic orders, along with extra subsidies for foreign business.

Without further government support, argues the industry, the remaining yards will just not be able to survive. In Hamburg, HDW—which is 75 per cent owned by Salzgitter, itself state-owned—is reducing labour considerably. HDW said in March that it needed major redundancies from its 4,000-strong workforce in the city.

Since then, about 600 people have gone voluntarily and HDW plans to lay off 1,350 more. But this angered unions and several thousand men marched through Hamburg in September then occupied the yard for several days.

Other shipbuilding centres like Kiel and Emden are also suffering. Thyssen Nordseewerke in Emden intends to shed about 850 of its 3,500 workers in the next 12 months. Altogether, as many as 9,000 more shipbuilding jobs are at risk. This is about the same number that government-owned British Shipbuilders has been seeking to reduce its labour force by between March 1982 and March 1983.

As well as trying to persuade their governments to provide more financial support for restructuring and to win new business, EEC shipbuilding companies have also attempted to win concessions from the Brussels commission. They would like the subsidies designed to match the gap with Far Eastern prices to be raised slightly. This would probably be conditional on further European efforts to slim down capacity.

The Brussels experts are well aware of the problems. A recent EEC report criticised the pricing tactics of Japan and South Korea, especially the latter.

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TV time down on the farm. The computerised future has begun near Munich where an advice centre has been set up. In the picture a farmer is warking with a terminal and information programme on cattle breeding. The terminal can be used to file detailed information on cattle and milk yields

A cosseted sector content with the CAP

Agriculture

JOHN CHERRINGTON

ONE OF THE basic arguments used to justify the Common Agricultural Policy was to the effect that West Germany would be happy to pay the costs of this, in return for the industrial markets which were open to her through the EEC. By the same token France expected to benefit from the German demand for grain, meat and milk products, supplied by the more efficient French farming sector.

This did not happen, however. Far from importing more from France and other partners Germany has increased food self-sufficiency to a very large extent and has contributed her fair share to the notorious food mountains in the intervention stores, notably of beef, butter and wheat. This was made possible by two exceptional factors. The quality of much of German farmland is of a high order so that yields per cow and per acre of cereals etc are fully comparable with other EEC areas.

Then, thanks to an eccentricity of the Community's financial system, the strong German Mark which should, in theory, enable imports of food to enter more cheaply from Community sources, and which would have made them very competitive with German produce was countered by monetary compensatory amounts.

At the present moment these act as a 10 per cent levy on French imports for instance and there does not seem to be much chance that this system will be relieved in the near future, although the abolition of the MCA system is a long-term aim of the EEC Commission. The MCA also act as an equivalent subsidy on farming exports of which Germany takes very full advantage.

There is, for instance, a sizable export trade of whole milk to Italy, together with calves for fattening. Neither the French nor Italian farmers like this; the French because they believe Italy should be a French preserve and the Italians for their part talk about unfair competition.

Nor should it be thought that the cosseting that the MCAs give the German farmers encourages inefficiency. Since 1970 cereal output has risen by 31 per cent and milk by 25 per cent, only France of those member countries in 1970 has done proportionately better in the cereal sector.

Criticism

Last year's change of government has, if anything, strengthened the farmer's position. While the Socialists were the dominant partners in the coalition, Mr Josef Ertl, the Liberal Minister of Agriculture, was having to fight increasingly hard against socialist criticism of the high cost of maintaining Germany's share of the EEC system.

With the Christian Democrats the senior partner there does not seem to be the same urgency to seek reforms. This is partly because farmers in general seem to support the Christian Democrats and Liberals, and also because of the social side of farm policy which has been maintained by all governments since the war.

Like much of Europe which came under the Code Napoleon, German farms have been fragmented by inheritance. There has been a considerable amalgamation of land but the great majority of farms are still very small by European standards and very little hired labour is employed. There is certainly a high degree of over-employment on many of these small farms and this has been countered by the encouragement of industry into the countryside and the provision of part-time jobs.

In some areas part-time farming was the rule, with very few farmers who could be classified as full-time. But there is a trend now to whole time farming. Even here the size of holding is such as to make it a one man or family run operation.

Large scale operations such as are developing in the United Kingdom these days would be unthinkable in most of modern Germany. From this must be excepted the Schleswig Holstein area, traditionally a large farm area, but even here there has been some reduction of farm size towards the family norm.

There are 760,000 holdings of over 11 hectares as compared with 224,000 in the UK with a roughly comparable land area, but 300,000 of them are classified as being spare time, that is the farmer has another principal source of income. Where farming is the principal income there are 370,000 full time units and 80,000 which are classified as part-time. Over the past 10 years these part-time farms have reduced by more than half but the other categories by only a small amount.

Successive governments have done their best to amalgamate the fragmented farms into more concentrated units with a good measure of success, but the average farm size is still 24 hectares for the full-time down to five hectares for spare time holdings. Yet socially these last provide a valuable function in arresting the spread towards farm industrialisation which is so prevalent in Britain and does maintain a visible rural bias in many villages, whose inhabitants can get the bulk of their income from the industries which have been located nearby.

Small dairy herds

The small size even of the full-time holding looks like being a definite advantage should the EEC Commission's reform plans get under way. These seek to restrict milk production by attacking the large expanding dairy herds and penalising them for their excess while leaving the smaller farmers, those with around 12 cows, unscathed.

The average German herd is now 13 cows so few of them will have to suffer. In any case it is doubtful if any German Government would countenance the sacrifice of such a stable element of society as the farmers for the sake of streamlining their productive efficiency by farm enlargement.

Meanwhile the French, Danes, Dutch and even the British chafe about the protection, as they see it, that the CAP and the German Government provides for its farmers. But it is doubtful that they will be able to alter things.

Alarms ring for dying forests

Acid rain

ELGIN SCHROEDER

THE GERMANS' "angst" syndrome—the feeling that everything is doomed—has a new chance to assert itself this autumn. Now the woods—with which Germans have lovingly identified since their tribal days —are dying.

A recent public opinion poll conducted by the respected Allensbach Institute shows that the West Germans are more worried about the creeping death of their forests than they are about the arms race. They would even pay a special levy to finance a save-the-trees programme.

The latest news about the state of what generations of poets and artists have recognised as a national German symbol is gloomy indeed: 2.5m hectares of woodland or more than 30 per cent of total German forests are damaged. This is a "dramatic deterioration" of the situation against a year earlier, when only 8 per cent of all trees were affected according to Herr Ignaz Kiechle, Federal Minister for Agriculture and Forestry.

Roughly 75 per cent are suffering "mild" ill health, while 20 per cent are displaying more serious symptoms. The rest are either dead or very close to it. Especially hard bit is a southern German kind of fir tree, of which virtually no sound specimens exist anymore. But spruce and pine trees are fast catching up. Lately deciduous trees, generally less sensitive than conifers, have also shown the danger signs—loss of leaves and bare tree-tops.

So far, the eastern Bavarian mountain regions and the Black Forest in Baden-Württemberg have been bearing the brunt of the tree-blight. But it is rapidly spreading throughout the whole of the Federal Republic. Reports on the galloping pace at which the disease strikes are coming in from many other tree-rich provinces, such as North Rhine-Westphalia and Hesse. But even Lower Saxony and Berlin, areas with fewer trees, are becoming increasingly concerned.

A sylvan scene in the Black Forest which is now bearing the brunt of tree blight

Public pressure for immediate effective steps to counteract the alarming phenomenon is growing. It is backed by politicians of every persuasion—led by "the Greens," the ecological party in the Bundestag, the West German parliament.

Gerhart Baum, former Interior Minister (whose name means tree in German) speaks for many in warning of an "ecological catastrophe." But measures to stem the disaster are hampered because experts differ on what exactly causes it.

Uppermost on the list of possible culprits is the so-called "acid rain"—polluted rain with high sulphur dioxide and nitric oxide content. Alone or in combination with other causes, including pesticides, it is widely suspected of being the prime tree killer.

Last month the centre-right Government in Bonn presented an "action programme to rescue the woods" that puts aside as much as DM 56m for further research into the tree problem.

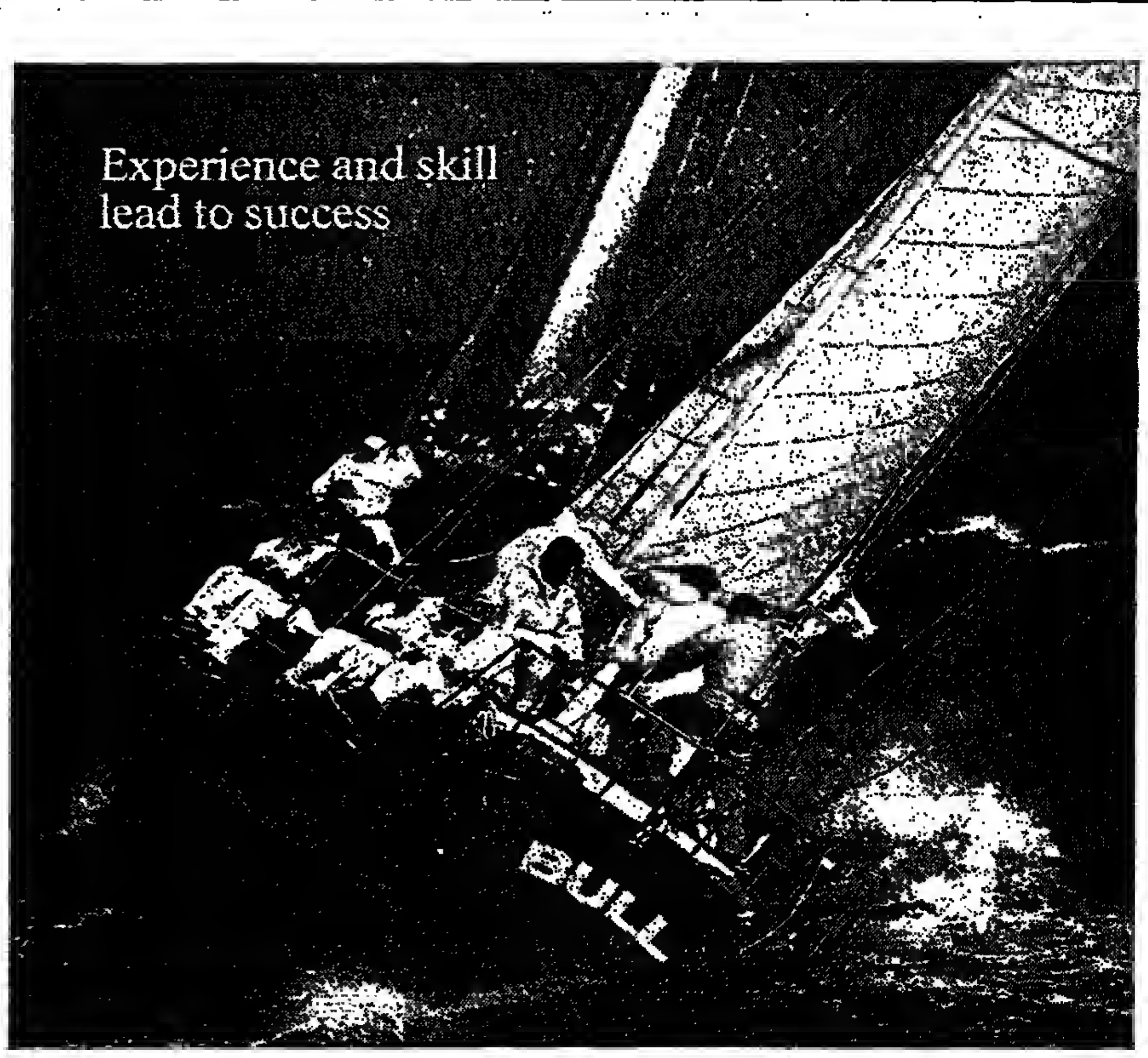
It also underlines the new stringent emission control standards which were slapped on large power stations at the beginning of July. This regulation aims at lowering the annual sulphur dioxide emissions of some 200 coal-fired plants to 1.2m tonnes from a staggering 3m tonnes now. The Government has also decided to introduce lead-free petrol from 1986 and pledges international co-operation in the fight against pollution "which does not stop at the border." It welcomes any private initiative to help the forests.

Reception of the Government initiative was mixed. Industry complained loudly about the high costs involved in equipping power stations with desulphurisation technology and that of vehicles with catalytic converters.

The Greens and the opposition Social Democrats (SPD), on the other hand, called the environmental requirements insufficient. The SPD accused the Government of watering down the new emission standards—in order to spare the entrepreneurs—so that older plants could escape early retirement or technical modifications for the next 10 years.

The SPD, in this case unusually supported by the liberal Free Democrats (FDP), the junior partner in the Bonn Government, once again pushed its earlier proposal of introducing a special levy to aid the trees. This levy would be paid by all Germans. The SPD has also suggested slapping a special sulphur levy on utilities to prod them into re-equipping their plant more quickly.

So far, the Government is unwilling to take up these suggestions. But the forests are dying fast. The public shows clearly it is willing to make sacrifices for its woods and may well not look kindly on prevarication.



Unemployed people waiting for jobs at Frankfurt labour office. Foreign workers find themselves at the sharp end of the recession

Turkish families take the strain

Foreign workers

LESLIE COLITT

"WHEN WE are in Turkey, they call us Almanyali (Germans)," explained 13-year-old Hüseyin Ali, "and when we are in Berlin they call us Türkensau (Turkish swine)."

Hüseyin is one of the 1.6m Turks in West Germany, the largest nationality among the 4.7m foreigners, who make up 7.6 per cent of the population. When Germaos speak of the "Ausländerproblem," they usually mean the Turks, whom they regard as being the least adaptable to German ways. Ironically, the Turks are traditionally Germanophiles, but this is fast changing into animosity, as a result of growing discrimination.

Hüseyin expects to leave school soon, but with only a rudimentary command of written German, he will be lucky to find an apprenticeship. Unlike his father, who is a labourer, the son will have to get qualifying training if he is to find employment. There will be far less demand for unskilled workers in West Germany in coming years.

The Conservative-led West German Government has, despite occasional threatening rhetoric from its right-wing, largely continued the policy of the previous government towards its foreigners. Chancellor Kohl reiterated the main goals recently: integration of those foreigners who have lived in West Germany for years; limitation of new immigration; and incentives to get foreigners to return home voluntarily.

Integration is an almost visionary goal for the Turks, as most of them do not want to become Germans, and the German Government does not make it easy for them to obtain German citizenship. Their children, however, are already expressing the wish to become Germans, although German officials are not enthusiastic about the idea, and the Turkish Government opposes it outright.

Bonn would also like to lower the maximum age at which Turkish children can join their parents in West Germany from 16 at present to 6. This would be to assure that the children receive their schooling in West Germany and do not automatically join the ranks of the unemployable when they arrive here as teenagers.

Various measures have been adopted to try to induce the Turks to return home, but none of them offers much hope of succeeding. Under a law which took effect on October 1, Turkish workers who lose their jobs after the failure of their company are eligible to get DM 10,500 plus DM 1,500 for each child, if they return to Turkey.

Little response

West Berlin's plan to encourage Turks to go back by offering DM 4,000 to each Turkish family pledging to return has not met with much of a response. This is because Turks who are unemployed in West Germany (some 20 per cent of them) receive more than most workers in Turkey who have a job. Turks who express an unwillingness to return home cite the economic situation in Turkey as the main reason they do not want to go back.

Although foreigners in West Germany have borne the brunt of unemployment, they are getting a growing share of benefits from the strained German social security system. Last year, DM 1.1bn was paid in family allowances for Turkish children in West Germany, out of DM 2.03bn spent on the 1.7m foreign children in the country. Changes in the system this year indicate that foreign families will get a still larger slice of family allowances in the future.

A greater percentage of foreign workers receive disability pensions than Germans because they frequently hold down the most hazardous jobs. Foreign workers are often ill more often than Germans, as their jobs are the most monotonous, and job motivation, especially among the women, is minimal.

The City of Düsseldorf recently commissioned a study of what would happen if 75 per cent of the city's foreigners were to return to their native countries. It found that the city's public transport would collapse without the foreign employees, while hospitals and homes for the aged would find it difficult to continue operating. Electric power production would be threatened and many building projects would not be completed.

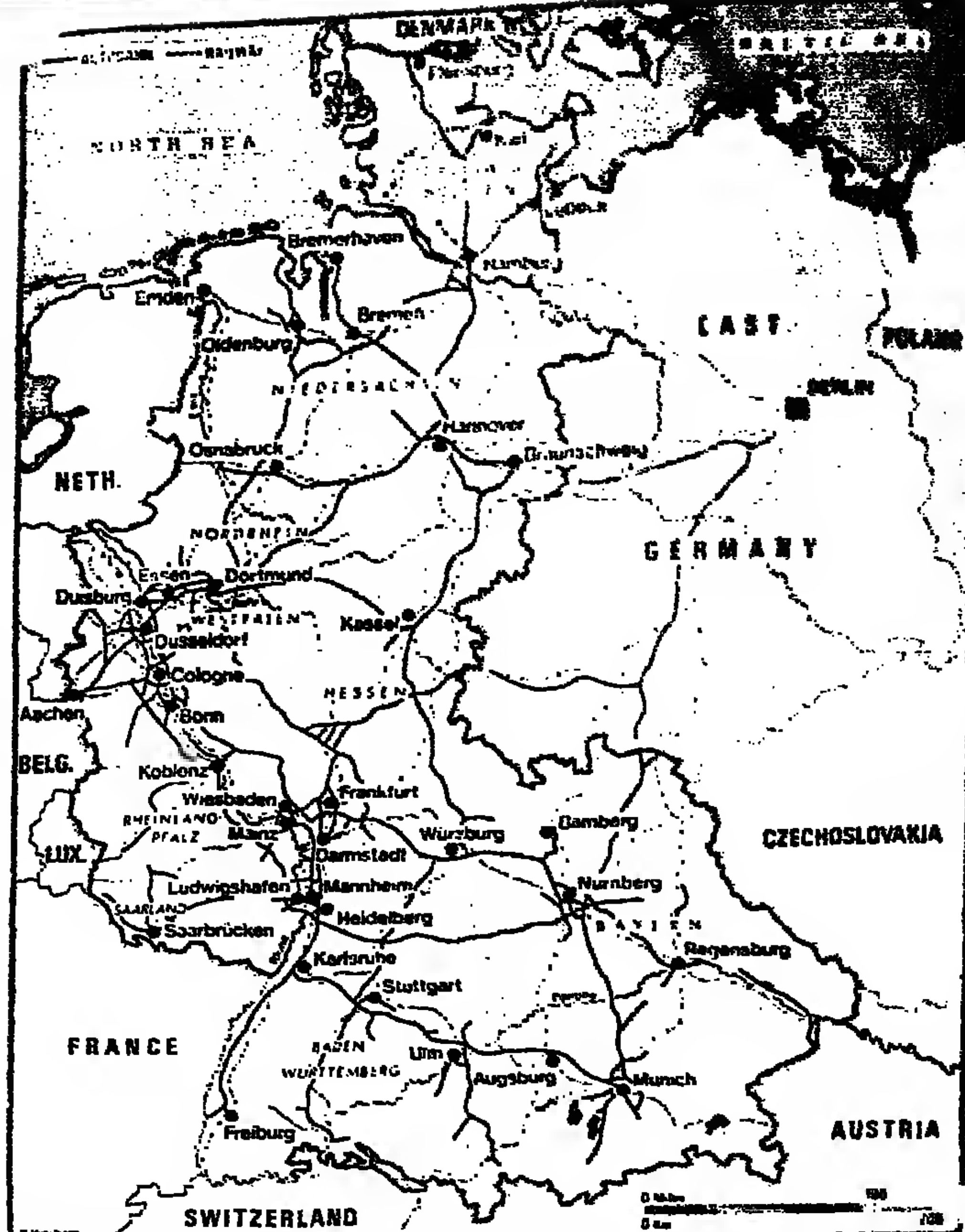
Areas of Düsseldorf inhabited by foreigners would turn into abandoned slums, as Germans would not want to live there, the report stated. The city would lose DM 10m annually in taxes paid by foreigners, and DM 17m in social security contributions. The city's department stores and other shops would lose DM 50m in purchasing power.

The Turks, in particular transfer a high proportion of their earnings back home (an estimated DM 3.6bn this year) and the report noted that the absence of this hard currency in Turkey would hurt German companies exporting to that country.

While the political situation in Turkey has little effect on the majority of Turks living in West Germany, who come from rural Anatolia, educated Turks, who largely opposed the military government, criticise Bonn for extraditing Turks in West Germany who are wanted by Turkish authorities "for political crimes."

In one recent case, Mr Kemal Altun, a young Turk with Social Democrat leanings, committed suicide in front of a West Berlin court which was to decide whether he should be extradited to Turkey, where he was wanted for alleged murder.

Although neo-Nazism is a negligible political factor in West Germany, the authorities report a growing number of anti-Turkish incidents carried out by extreme Right-wing groups. One of them has threatened to wreak havoc among Turkish soccer fans who attend the forthcoming football match in West Berlin between Turkey and West Germany.



PROFILE: HORST TELTSCHIK

Performing a dizzy balancing act

HERR HORST TELTSCHIK, Chancellor Kohl's chief foreign policy adviser, resembles his boss in his Roman Catholic faith and his unquenchable optimism.

In a country where gloom is chic, Herr Teltschik, 43, believes that Moscow could soon realise that it has lost the political battle over nuclear missiles in Europe, that Nato has never before been so united and that the protest movement undamned by the missiles issue will evaporate in the warm sunshine of a 1984 economic recovery.

Horst Teltschik, Chancellor Kohl's chief foreign policy adviser: unquenchable optimism

That Herr Teltschik says things that are pleasant for Herr Kohl to hear is clearly one reason why they have been together since 1972, when today's Chancellor was prime minister of the state of Rhineland-Palatinate. It is not enough to explain why Herr Kohl, who is impatient with subordinates, listens to no man more carefully on foreign policy than to the sprightly Sudeten German.

Written off as a lightweight from the Palatinate "mafia" when he took over the foreign and intra-German department in the Chancellery a year ago, Herr Teltschik this month received a dubious compliment when he alone escaped a devastating attack on Kohl's team in the magazine Die Spiegel.

Another compliment comes out of the past. Though head of the Christian Democrat students at the dangerously polarised Berlin Free University in the late 1960s, Herr Teltschik was none the less taken on as "assistent" by the Social Democrat sage, Professor Richard Lowenthal, and even corrected the late Rudi Dutschke's work.

Although Kohl's foreign policy has yet to pull in its ends — not least because of the extra-mural activities of Herr Franz-Josef Strauss — a philosophy is gradually emerging. Herr Teltschik and Herr Alois Mertes, the foreign office minister of state, are its chief exponents.

Not surprisingly for a refugee from what is now Czechoslovakia, Herr Teltschik says that West Germany must revive historical ties with the East — but from the "firm foundation" of friendship with the U.S. and western Europe.

This notion becomes less paradoxical the less hostile Moscow and Washington are to each other, which is why Herr Teltschik and Herr Kohl push so hard (and optimistically) for an east-west summit.

In effect: West Germany stations the new U.S. missiles this winter but bends over backwards to offer Moscow and eastern Europe (above all, East Berlin) better relations for the longer term. This is also designed to comfort the very many West Germans who resent the missiles because they fear they mark a setback in the gradual process of recovering sovereignty and coming to terms with the east.

Whether Bonn can pull off this dizzy balancing act, which makes the east suspicious and the west a little nervous, will depend on agile men such as Horst Teltschik.

James Buchan